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No.

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IN THE

Supreme Court of the United States

OCTOBER TERM, 1988

NEWELL COMPANIES, INC.,

Petitioner,

-vs.-

KENNEY MANUFACTURING CO.,

Respondent.

On Petition For A Writ Of Certiorari To The United States Court Of Appeals For The Federal Circuit

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PETITION FOR WRIT OF CERTIORARI

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QUESTIONS PRESENTED

1. Does the Federal Circuit's "landmark" opinion unconstitutionally deprive litigants of their Seventh Amendment right to a trial by jury, when it declares that the issue of "obviousness" (an issue present in the vast majority of patent infringement controversies) is one purely of law for the court, and not the jury, to decide?

2. After a jury finds a patent either "nonobvious" or "obvious", does the Federal Circuit, as it now so holds, have the right on appeal to reweigh *de novo* the factual indicia presented at trial, draw its own inferences therefrom, and reach an opposite result; or must the Federal Circuit abide by the "reasonable jury/substantial evidence" test?

3. Since the "obvious/nonobvious" test for patent validity is merely one among a myriad of forms of the "reasonable man" standard found throughout the law, does the Federal Circuit's opinion now establish precedent for every appellate court to ignore a jury's finding on the ultimate issue (e.g. "negligence"), and reach a different result by reweighing *de novo* the factual indicia presented and drawing its own inferences therefrom?

4. Is it, as the Federal Circuit held:

   1) a violation of Rule 49(a) Fed. Rule Civ. Pro. for the jury to answer a direct question on the issue of "obviousness";

   2) is the sole function of a jury, when a "reasonable man" standard is involved, (e.g. "obviousness") to resolve disputes involv-

ing purely factual indicia of "reasonableness";

and

3) are special interrogatories pursuant to Rule 49(a) to resolve factual disputes mandatory whenever "obviousness" is in issue, so that the Court from there can determine *de novo* the issue of "obviousness/nonobviousness" of an invention;

OR, do such restrictions on a jury's function now imposed by the Federal Circuit, act to deprive litigants of their Seventh Amendment right to a trial by jury and/or mandate an unworkable forum for carrying out patent and other litigation?

PARTIES TO PROCEEDINGS BELOW

The petitioner in this action (and plaintiff-appellant below) is Newell Companies, Inc.

The respondent in this action (and defendant-appellee below) is Kenney Manufacturing Co.

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NEWELL COMPANIES, INC.

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KENNEY MANUFACTURING CO.,

Respondent.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

Petitioner, Newell Companies, Inc. (herein "Newell") respectfully prays that a Writ of Certiorari issue to review the judgment entered in favor of respondent Kenney Manufacturing Co. (herein "Kenney") by the United States Court of Appeals for the Federal Circuit, consolidated Appeal Nos. 85-2232, 86-711, 86-742, and 86-1018.

Opinions Below

The decision of the U. S. District Court for the District of Rhode Island dated April 4, 1985 setting aside a jury verdict in favor of Newell, and granting a directed verdict for Kenney dismissing Newell's patent infringement case is reported at 606 F. Supp. 1282, 226 USPQ 157 (D.R.I. 1985) (Boyle, C.J.). The

decision is reprinted in the Appendix at pages 66a-99a.

The decision of the U. S. Court of Appeals for the Federal Circuit affirming the District Court, with dissent, is reported at 864 F.2d 757, 9 USPQ 2d 1417 (Fed. Cir. 1988). This decision is reprinted in the Appendix at pages 1a-65a.

Jurisdiction

The date of the Federal Circuit's Judgment sought to be reviewed is December 29, 1988.

Newell filed a Petition for Rehearing and Suggestion for Rehearing In Banc on January 12, 1989. A Motion to Stay the Mandate was filed on March 9, 1989.

By Order dated March 3, 1989, the Court of Appeals for the Federal Circuit denied the petition for rehearing, advising that the Suggestion for Rehearing *In Banc* was under consideration and that the mandate would issue on March 10, 1989. [Ap.100a-101a] The mandate issued on March 10, 1989 and the Suggestion for Rehearing *In Banc* was declined by Order, without opinion, on March 15, 1989. [Ap.102a] No extensions of time for filing this petition have been sought or granted.

Jurisdiction of this Court is believed to be conferred by 28 U.S.C. §1254(1).

Constitutional Provisions and Statutes Involved

This case involves the Seventh Amendment to the United States Constitution:

Seventh Amendment

> In Suits at common law, where the value in controversy shall exceed twenty dollars, the right of trial by jury shall be preserved, and no fact tried by a jury, shall be otherwise reexamined in any Court of the United States, than according to the rules of the common law.

This case also involves the standard of "obviousness/nonobviousness" as codified in 35 U.S.C. §103. Its pertinent portion is as follows:

> **§103. Conditions for patentability; non-obvious subject matter**
>
> A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made.

Statement of the Case

Newell is the assignee of U. S. Patent 4,006,770 (hereinafter " '770") issued on February 8, 1977 to inventor Thomas A. Ferguson, an employee of Newell. The patent discloses and claims a window shade assembly which may be constructed accurately by the homeowner without the need for tools. Like every other invention ever devised by mankind, the Fer-

guson invention is a combination of individual elements; i.e. tearable shade material, telescopic roller, securement means, etc., each of which was known prior to the time Mr. Ferguson conceived of his invention. Novelty is found in the uniqueness of the manner in which these known elements were combined by Mr. Ferguson to achieve a window shade that can be constructed by the homeowner, simply and without tools. The issue presented to the jury was whether Kenney had proven by clear and convincing evidence, and without the use of hindsight, that the making of this unique combination to thereby, for the first time, achieve a "do-it-yourself-without-tools" window shade would have been obvious to one of ordinary skill in the art at the time the invention was made. The jury held that Kenney had not done so.

As described in the District Court's Opinion in greater detail (226 USPQ at 158-159, Ap.68a-71a), prior to the advent of the Ferguson invention, "store-cut shades were the state of the art." (Ap.68a) These store-cut shades presented numerous difficulties for the consumer. The Ferguson invention (the '770 patent) solved these problems, and the Ferguson do-it-yourself-without-tools shade was an immediate commercial success, despite the skepticism of at least one other skilled artisan when it was introduced. Within one year after Ferguson's invention became known, competitors, who had known all along of the individual elements that make up the Ferguson combination and the problems their own store-cut shades engendered, began copying the Ferguson invention. In one instance, a competitor effected an import from Taiwan. In 1981, defendant Kenney introduced its virtual

copy to rescue from loss to Newell one of its principal customers, K- Mart. K-Mart had advised Kenney that if it could not come up with its own do-it-yourself-without-tools shade, K-Mart would, as of July 1, 1981, drop all orders for *all* drapery hardware with Kenney and give it to a company (i.e. Newell) who could supply what amounted to the Ferguson invention, as well as the other hardware. Promptly thereafter, Kenney came up with its "do-it-yourself-without-tools" shade, and with full knowledge of the Ferguson invention. The District Court found that the Kenney shade was similar to the Ferguson '770 shade except for the method of securing a portion of the shade material to one of the two portions of the telescopic roller. (See 226 USPQ at 159, Ap.70a-71a.)

Newell sued Kenney in the United States District Court for the District of Rhode Island for infringement of the '770 Ferguson patent. Jurisdiction was based upon 28 U.S.C. §1338(a). A nine (9) day jury trial was conducted. Kenney posed numerous defenses. Extensive evidence by the inventor, experts on both sides, and others was heard. At the close of trial, the District Court carefully and thoroughly instructed the jury in the law and in the procedures to be used for determining the "obviousness" issue.[1] The jury thereafter returned a verdict in Newell's favor. The form of the verdict was a series of general "yes" or "no" interrogatories on the issues of novelty, utility, obviousness, infringement and willful infringement, and a line for finding the amount of damages. The jury, by checking the appropriate line designated "yes" or "no", found that Kenney had failed to prove

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[1] Extracts reproduced in Fed. Cir. dissenting Opinion, 864 F.2d at 784. [Ap.56a-58a]

by clear and convincing evidence that the claimed invention of the Ferguson '770 patent lacked novelty or utility, or that it was obvious. The jury, by the same procedure, found that Newell had proven by a preponderance of the evidence that Kenney had infringed claim 1 of the '770 patent, but had failed to prove *willful* infringement. The jury found non-punitive damages in the amount of $1,279,679.20. There were no conflicting answers by the jury to any of the interrogatories posed and Kenney made no claim that there were.

Kenney moved for a directed verdict at the close of Newell's case-in-chief and again at the close of evidence in the case. The District Court had reserved decision thereon pending the jury's verdict (226 USPQ at 157, Ap.66a). As reported in the District Court's opinion, supra, Kenney's motion for directed verdict was granted on the issues of both obviousness (and thus invalidity) and infringement. In the initial portion of its opinion, the District Court set forth the reasonable jury/substantial evidence test as the standard to be applied. It then, in summary fashion, stated that no reasonable jurors could conclude that the '770 patent was valid or infringed (226 USPQ at 157, Ap.67a).

While claiming to use the reasonable jury/substantial evidence test, the remaining opinion shows that it was, in fact, not employed. Instead, the remainder evidences a *de novo* review of the evidentiary facts and their application to the *Graham* factors. This included the drawing of numerous inferences adverse to Newell, the heavy, *de novo* weighting of indicia of obviousness against Newell, and the *de novo* explaining away, and thus light weighting, of the indicia of

nonobviousness. In Newell's opinion, jurors could quite reasonably have drawn different inferences and given different weight to the numerous factors that existed on both sides of both the issues of obviousness and infringement.

Newell appealed to the Federal Circuit. The basis for jurisdiction was 28 U.S.C. §1295(a)(1). The three-membered panel's split decision is reported at 864 F.2d 757-788. [Ap. 1a- 65a] *In banc* consideration was refused. [Ap. 102a]

Importantly, while the panel majority's decision (i.e. "PMD") affirmed the District Court in result, it did not do so in substance. The PMD, instead, changed the standard for review, declaring as discussed more fully below, in a "landmark" ruling that "obviousness", as a matter of law, was reviewable *de novo* by the Court because the basic facts were not contested. As brought out in the dissent, implicit in the PMD is the salient fact that if the appropriate standard for reviewing a jury verdict is the "reasonable jury/substantial evidence" test, the District Court's opinion must be reversed. (See dissent, 864 F.2d 784-788, Ap.56a-65a.)[2]

THE PMD'S LANDMARK RULING

A reading of the eloquently presented opinions of both the PMD and dissent highlight better than this Writ can do, the deep-seated nature of the constitutional controversy presented and its extreme importance to patent law and other areas of the law as well (e.g., negligence). That the PMD is a controver-

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[2] The Federal Circuit did not reach the issue of the directed verdict on infringement.

sial, sweeping, authority-usurping, landmark decision can not be reasonably disputed. The issue is whether it is constitutional.

Stated succinctly as possible, the PMD holds that the issue of "obviousness" is one of law for a court, and not a jury, to decide. It further holds that the jury's role is solely that of resolving disputes of "fact", and this must be accomplished by special interrogatories pursuant to Rule 49(a). Once this is done by the jury, holds the PMD, then the trial court and Federal Circuit are free to weigh the facts as they see fit and draw their own inferences to arrive at a decision of "obviousness" or "nonobviousness", regardless of whether a reasonable jury could have weighed the facts differently or drawn different inferences to reasonably reach a different decision.

One of the effects of this landmark decision is to mandate, in virtually every complex patent case involving a jury, the use of special interrogatories directed at resolving factual disputes. Its further holding that the presentation of the direct question of "obviousness" to the jury is a violation of Rule 49(a), insures this result, even if it were not apparent from the rest of its decision.[3]

Care must be taken in not being subtly and erroneously misled into limiting the sweeping nature of this landmark decision by the remarks made in the PMD to the effect that the basic facts were not con-

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[3] 864 F.2d at 765 [Ap.15a]:

> "Giving the jury a direct question to answer on the legal issue of obviousness was technically a violation of Rule 49(a), but harmless here."

tested, and thus the issue of obviousness was merely a matter of law.[4] Even if true, which Newell disputes, that does not in any meaningful way limit the sweeping effect of this landmark decision. The same historically unresolved and controversial issue is presented, by the very nature of a patent case itself. For example, a dispute over whether a prior public sale of a similar, but not identical, window shade occurred, or whether it was experimental and not prior art (i.e. a "basic" fact), would still be left under the PMD for the jury to resolve. Once resolved, however, the same basic constitutional issue would arise . . . .who is to decide the weight to be given it, the inferences to be drawn from its "differences" with the patented invention, the effect of the "secondary considerations" such as failures of others or commercial success thereon, and thus whether the patented invention was obvious in light of its existence or non-existence?[5]

Newell petitioned for, and the Federal Circuit considered, but declined *in banc* rehearing.

Newell files this Writ so that this Court, pursuant to its plenary power to administer the federal court system, may resolve this important issue which threatens the vitality of jury trials in patent cases

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[4] See, for example, 864 F.2d at 765 [Ap.15a following quote in fn 3 above].

[5] Other examples of a similar nature could be formulated. In point of fact, rarely is there a truly dispositive controversy over the existence of a basic fact involved in deciding the obviousness question. The controversy in virtually every case revolves about the weight to be given, and the inferences to be drawn from, the factual indicia on either side of the issue surrounding a known body of prior art.

and the sanctity of the jury's fact-finding role in other types of cases.

Reasons for Granting This Writ

I. Summary

The magnitude of the issue here presented is apparent from the final paragraph in the section titled "II. *The Constitutional Issue*" of the dissent (Ap.34a-42a):

> "It is not available to two judges of this court to overrule two centuries of constitutional right, simply by redefining a protected jury question as one of pure law independent of its factual components, proposing thereby to remove the question from jury verdict."

As reported with citation in the dissent, the issue of "obviousness" pervades patent litigation. (See 864 F.2d at 782, Ap.53a.) The detailed and diametrically opposed opinions of both the panel majority and the dissent in this "landmark" Federal Circuit decision eloquently contrast the historic conflict that existed among the various Circuit Courts prior to 1982 and that now exists within the Federal Circuit itself over the fundamental issue presented here. The opinions further highlight the current (and historic) confusion over the meaning of language used in this Court's previous decisions which address the issue of "obviousness" but which do not directly define a jury's role under the Seventh Amendment in this regard.[6]

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[6] This was usually because a jury was not involved. In this respect, in some prior cases in the past and particularly before the 1952 Act, "obviousness" was synonymous with "invention".

Each of the two Federal Circuit opinions finds support in language used by this Court, but neither can find direct support in fact. That is because none exists. By granting Newell's petition for this Writ, the Court may now fill this important omission.

The number of times this Court has discussed the standard of "obviousness" since its statutory adoption in 1952 bespeaks of its fundamental importance in patent law and its prevalence in the vast majority of patent infringement cases brought.[7] Numerous patent cases are currently awaiting trial; some are in trial; others await appellate review. Given prior decisions of the Federal Circuit eschewing the mandatory use of Rule 49 special interrogatories (and thus now in conflict with this new "landmark" decision), many may have to be remanded for new trial.[8]

The need for this Court's clarifying intervention, defining the role of a jury in a patent case, is manifest.

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[7] See, e.g., *Graham* v. *John Deere Co.* 383 U.S. 1 86 S.Ct. 684 (1966); *Anderson's-Black Rock, Inc.* v. *Pavement Salvage Co. Inc.* 396 U.S. 57, 90 S.Ct. 305 (1969); *U. S.* v. *Adams* 383 U.S. 39, 86 S.Ct. 708 (1966); *Dann* v. *Johnston* 425 U.S. 219, 96 S.Ct. 1393 (1976); *Sakraida* v. *Ag Pro Inc.* 96 S.Ct. 1532 (1976); *Roanwell Corp.* v. *Plantronics, Inc.* 429 U.S. 1004, 97 S.Ct. 538 (1976) [dissenting Memorandum Decision, cert. denied]; *Shultz* v. *Moore* 419 U.S. 930, 95 S.Ct. 203 (1974) [dissenting Memorandum Decision, cert. denied]; *Dennison Mfg. Co.* v. *Panduit Corp.* 475 U.S. 809, 106 S.Ct. 1578 (1986).

[8] See, e.g., *Weinar* v. *Rollform Inc.* 744 F.2d 797, 809 (Fed. Cir. 1984) [leaving to the trial court's discretion the use of special interrogatories stating, in part: "The decision to submit interrogatories, and the precise language in which they are couched, can have an untoward effect on the verdict . . .".

The Federal Circuit Court is heading into its seventh year of existence. By its "landmark" decision, this new Court has now usurped the power of a jury and granted unto itself the power to decree the validity or invalidity of virtually every patent brought before it, based upon its own *de novo* review of the record, weighing of the indicia and drawing of inferences. No longer need it give any heed to different degrees of weight or different inferences drawn by a jury acting reasonably based upon substantial evidence before it. Its sweeping decision, in this regard, forms potential precedent for limiting the role of a jury in negligence and other similar types of cases. Its now mandated special interrogatories are potentially ruinous to orderly procedures in many complex patent cases. Given the sanctity of the Seventh Amendment, if such power is to be given this new *national* federal court of appeals, with which no other appellate court now has the opportunity to disagree, should not such power be granted only with the imprimatur of this Supreme Court?

This Court should grant Newell's petition for this Writ of certiorari so that this Court can determine as a matter of administrative policy whether the Court of Appeals for the Federal Circuit should have the authority to treat a jury's findings of fact differently than any other court must.

II. The Standard of "Obviousness" As Defined By This Court Involves Drawing Inferences And Assigning Varying Degrees of Weight, Even If All of The Individual "Facts" Are Uncontested

The standard of nonobviousness as a condition for patentability (e.g. validity) has existed since at least 1851, when it was placed into the law by this Court

in the case of *Hotchkiss* v. *Greenwood* 11 How. 248, 13 L.Ed. 683 (1851). In 1952 Congress codified the standard as Section 103 of 35 U.S.C.:

> **§103. Conditions for patentability; non-obvious subject matter**
>
> A patent may not be obtained though the invention is not identically disclosed or or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made.

In 1966, this Court declared that Section 103 was merely a codification of the existing standard (called "invention" in the old law), and no change thereof was intended by Congress. *Graham* v. *John Deere Co.*, supra, 86 S.Ct. at 693. This Court then, however, established a rather definitive procedure to use in reaching a determination of "obviousness/nonobviousness". Calling it a series of "several basic factual inquiries", the *Graham* Court goes on to say:

> ". . . .Under §103, the scope and content of the prior art are to be determined; differences between the prior art and the claims at issue are to be ascertained; and the level of ordinary skill in the pertinent art resolved. Against this background, the obviousness or nonobviousness of the subject matter is de-

> termined. Such secondary considerations as commercial success, long felt but unsolved needs, failure of others, etc., might be utilized to give light to the circumstances surrounding the origin of the subject matter sought to be patented. As indicia of obviousness or nonobviousness, these inquiries may have relevancy. See Note, Subtests of 'Nonobviousness': A Nontechnical Approach to Patent Validity, 112 U.Pa.L. Rev. 1169 (1964)."
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> 86 S.Ct. at 694

This has become known in patent law as the *Graham* inquiry, or test, and is now employed whenever "obviousness" is in issue. The jury was carefully instructed to follow this *Graham* inquiry in the subject case. (As noted in the dissent, Ap.56a-58a.)

The actual facts gathered from employing these inquiries are often not reasonably in doubt. For example, the "scope and content of the prior art" is usually found in literature references or prior issued patents. Their contents speak for themselves. While often explained by experts, they are rarely disputed evidence. The weight to be given them, inferences to be drawn from the circumstances surrounding them, and interpretation of testimony when subject to two meanings concerning them or other types of prior art, may often be hotly contested, and reasonably conflicting, however. Indeed, the major battles in patent cases under the "obviousness" doctrine usually involve such conflicts.

As another example, the "differences" over the prior art are usually uncontested, as they are set forth in the claims and are highlighted by their prosecution

history before the Patent Examiner. Interpretation of the meaning of such differences, their scope, pertinence, and the inferences to be drawn therefrom are often in conflict and are deeply vested as factual underpinnings, despite the fact that they exist as a basic or material uncontested fact. Rarely is the level of ordinary skill contested, as another example. What is contested is what, without hindsight, would be obvious to this reasonable, hypothetical artisan.

As a still further, and very important, example are the inferences to be drawn from, and the weight to be given the important "secondary considerations". Such things as commercial success, failure of others, etc., are usually admitted to exist at least to some extent, if, in fact, they do exist at all. Their impact on the issue of "obviousness" is often heavily disputed and the level of this impact, or its magnitude, is a "factual indicia over which reasonable persons can, and often do, disagree. These "secondary considerations", in short, serve as common sense safeguards against the prohibited use of hindsight when determining if an invention is "obvious".

For this reason the panel majority's opinion in this case, stating that the *Graham* factors here were not in dispute, must be placed in appropriate context. Such is, in practical reality, a non-limitation, as can be seen from the above. Basic facts are often self-evidently in existence. It is their meaning and context that is almost always in factual dispute, as is the case here. In point of fact, in the subject case, while the existence of each prior art reference was admitted to, as was the level of skill, it is apparent that reasonable inferences in favor of nonobviousness could easily be drawn, as could those on the side of ob-

viousness. In this respect, it should be pointed out that at one key point in its decision, the panel majority, by reading the sterile record, misinterpreted what the inventor was saying about the obviousness of a particular combination, resolving his testimony against him. [864 F.2d at 768, Ap.20a-21a.] This incident points out the danger in adopting the *de novo* standard now imposed by the Federal Circuit.

In short, rarely, if ever, are the factual underpinnings of the *Graham* inquiry free from controversial inferences, degrees of weight, and different interpretations. This case was not free of them. Thus, what the Federal Circuit has in fact done, as stated above, is to usurp unto itself the power to decide *de novo* the validity or invalidity of the vast majority of patents brought before it. The jury has, in this respect, been relegated to the task of resolving whatever disputes of "fact" may exist thru special, detailed interrogatories . . . .whatever that means, and how, if at all, that can be accomplished in a complex patent case. The questions are: did Congress intend this when it established the Federal Circuit; does the Seventh Amendment allow it; and should this Court, as a matter of administrative policy, permit it?

III. Confusion In The Language of This Court's Past Cases and Conflict Among and Within The Circuits Creates The Need For This Court to Address Head-On The Issue of A Jury's Role In A Patent Case, and Possibly Whenever A "Reasonable Man" Standard Is Involved

The Seventh Amendment to the Constitution of the United States says:

> "In Suits at common law, where the value in controversy shall exceed twenty dollars,

> the right of trial by jury shall be preserved, and no fact tried by a jury, shall be otherwise reexamined in any Court of the United States, than according to the rules of the common law."

In 1936, this Court stated:

> "Validity and infringement are ultimate facts on which depends the question of liability [citations at fn 6 omitted]. In actions at law they are to be decided by the jury. If the evidence is not sufficient to establish validity and infringement, it is the duty of the trial court to direct a verdict for defendant [citations at fn 7 omitted]."
>
> *U. S.* v. *Esnault-Pelterie* 299 U.S. 201, 205 12 Baldwin 201, 205.

Esnault-Pelterie was a non-jury case under the special rules of the Court of Claims. And in the follow-up decision on this case, *U. S.* v. *Esnault-Pelterie* 303 U.S. 26, 29, 12 Baldwin 29, 30 (1937), this Court, while reaffirming its initial opinion, held that under certain very simplistic circumstances the questions of "invention" (i.e. now "obviousness") and infringement "may be determined as questions of law." The issue of the jury's role was thus left in limbo, because the issue was not before the Court. Both sides of this controversy, however, can find support for their positions in the language employed by this Court, and this situation was to be perpetuated in the years that followed.

In 1952 "obviousness" was codified into Section 103. In its *Graham* opinion, supra, on this new section, this Court stated:

> "While the ultimate question of patent validity is one of law . . . .[citation omitted] . . . the §103 condition, which is but one of three conditions. . . .lends itself to several basic factual inquiries."
>
> 86 S.Ct. at 694.

After setting forth the *Graham* inquiry procedure quoted above, this Court went on to say:

> "This is not to say, however, that there will not be difficulties in applying the nonobviousness test. What is obvious is not a question upon which there is likely to be uniformity of thought in every given factual context. The difficulties, however, are comparable to those encountered daily by the courts in such frames of reference as negligence and scienter, and should be amenable to a case-by-case development."
>
> (at 694)

There was, of course, no resolution of what the jury role was to be under this hybrid of fact and law. The issue was not before the Court. Again, both sides can find support in the quoted language for their positions. Indeed, it can be legitimately argued that both sides in the Federal Circuit opinion did just that. (Contrast, for example, the reasoning at 864 F.2d 762-63 with 777, Ap.8a-11a and 41a-42a.)

In 1974 this Court denied certiorari in a case from the Tenth Circuit, *Moore* v. *Shultz* 491 F.2d 294 (10th Cir. 1974). In that case, the 10th Circuit had held that nonobviousness was a question of fact for the jury to decide. *Moore* cited *Graham* in support of its holding, but noted a conflict on the subject with the

Fifth and Ninth Circuits. Interrogatory No. 2 posed to the jury, quoting Section 103 as a question in *Moore*, was the kind now specifically eschewed by the Federal Circuit. In *Moore*, no special back-up interrogatories were asked. While certiorari was denied, Justice Douglas dissented in a Memorandum Decision, *Shultz* v. *Moore* 95 S.Ct. 203 (1974) which stated as follows:

> "The decision below holding patentability a question of fact for the jury represents an abdication which is likely to produce haphazard application of the statutory and constitutional standard. Happily, two other circuits have not adopted this approach. See *Swofford* v. *B&W, Inc.*, 395 F.2d 362 (CA5 1968); *Hensley Equipment Co.* v. *Esco Corp.*, 375 F.2d 432 (CA9 1967). I would grant certiorari."
> 95 S.Ct. at 204

During this period and up to 1982, before the formation of the Federal Circuit Court, there was continuing conflict among the various Circuit Courts, as pointed out in both the PMD (864 F.2d at 765, Ap.15a) and the dissent (864 F.2d at 775-777, Ap. 36a- 42a). The oft-quoted treatise on patent law, *Chisum* Vol. II §5.04[3][d], p. 5-150 to 5-158.1, cited in the panel majority's opinion at fn 9 [Ap.15a], details the conflict that existed in the various Circuit Courts.

Following the establishment of the Federal Circuit in 1982 as the exclusive appellate forum for determining the issue presented, this case is the first to directly address the issue[9]. Importantly, however, in

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[9] Exclusive jurisdiction over patent cases is conferred upon the Federal Circuit by 28 U.S.C. §1292(c) and §1295.

1986 this Court paved the way for the full rippening of the issue for its review when it granted certiorari and simultaneously remanded for further findings under Rule 52(a), the *non-jury* case of *Dennison Manufacturing Co.* v. *Panduit Corp.* supra. Here, at 106 S.Ct. 1579, this Court stated:

> ". . . .most importantly, we lack the benefit of the Federal Circuit's informed opinion on the complex issue of the degree to which the obviousness determination is one of fact."

On remand, a three-member panel of the Federal Circuit unanimously stated that in this *non-jury* setting, the obviousness/nonobviousness question was one of law, finding support in the *Graham* statement that the ultimate question of "validity" was one of law. *Panduit Corp.* v. *Dennison Mfg. Co.* (II) 810 F.2d 1561, 1566-7 (Fed. Cir. 1987). No Seventh Amendment issue was involved because no jury was involved. This Court, thereafter, denied certiorari without opinion. *Dennison Mfg. Co.* v. *Panduit* 107 S.Ct. 2187 (1987). The issue of a jury's role was again left to be decided in the future.

While the panel's opinion on remand in *Panduit* was unanimous, Judge Newman, who was a member of the unanimous panel in *Panduit*, now is the dissenter in this case, when the jury role question is posed.

That there exists controversy and conflict among and within the Circuits is not reasonably questionable. As this Court stated in *Dennison* v. *Panduit* supra, 106 S.Ct. at 1579, the issue of whether obviousness is truly one of fact is a very complex one by itself. The even more complex issue which needs to be de-

cided is what role a jury, consistent with the parties' Seventh Amendment rights, should fulfill in resolving the issue.

IV. This Case Presents An Ideal Opportunity To Decide The Issue

It is, of course, not the purpose of this Writ to argue the merits of petitioner's case. Petitioner will not do so. It is, however, believed to be quite proper to point out the nature of this particular case, because in doing so, it will be seen that perhaps no better case could arise for deciding the important, fundamental issue posed.

First, *Panduit* has paved the way, and indicates the ripeness of the issue.

Second, the invention in this case is technologically uncomplicated. The prior art is rather easy to understand. Its specific elements are not in dispute. The claims of the patent are narrow and detailed, yet clear and understandable. The patent specification is easily understood, and its substance is not in dispute. The manner in which the invention was made is clearly presented on the record. The extensive commercial success and copying of others once they learned of the invention is not in dispute. The level of skill is not in dispute. Whether there were failures of others and a long felt need are in some dispute. A resolution of these latter two factors, however, is based primarily upon inferences to be drawn from the circumstantial behavior of others. In short, the lack of complexity of the technology and issues in this case eliminate the need to divert attention from the direct issue or to decide the issue narrowly.

Third, the jury was properly instructed in the *Graham* inquiry in clear and understandable language. It was asked a direct, simple interrogatory with no backup interrogatories:

> "Do you find that the Defendant has proven by clear and convincing evidence that any of the claims of Plaintiff's '770 patent are invalid because they are obvious?"

The jury answered by checking "No", and no other answers conflict therewith. The jury found no *willful* infringement. There is thus no overtone here of a "runaway" jury to divert attention from the real issue.

Fourth, the weight to be given each factual indicia of nonobviousness on the one hand, and obviousness on the other hand, is clearly in dispute. As brought out in the dissent, various conflicting inferences can be drawn from the evidence that was gathered, and different weights can be given individual factors and indicia. Thus, a jury acting reasonably had substantial evidence before it upon which it could have found nonobviousness. Even the panel majority implicitly admits this.

The opinions of the Federal Circuit are eloquent, clear, heavily researched, and present the deep nature of the conflict in clearly defined terms. Little, if any, speculative interpretation need be given to either opinion in this regard.

In short, the individual factual elements adequate to fulfill the *Graham* inquiry are all present on the record, and generally agreed to exist in this case. What is in controversy is the relative weight to be accorded each, the interpretation of testimony

thereon, the inferences to be drawn therefrom, and most important, who is to be assigned the task of weighing these inferences and arriving at a result within the context of the Seventh Amendment.

This is one of the simplest cases, in fact, this Court could ever hope to have come before it on this issue. Does the Seventh Amendment guarantee that a jury should be the one to decide the issue of "obviousness", subject only to the "reasonable jury/substantial evidence" standard on review? Or should a court be allowed to draw its own inferences, determine its own weight factors *de novo*, and thereby reach a result different from that of the jury? This issue is now abundantly ripe for review.

V. This Court's Ruling on the Standard of "Negligence" Points Out the Danger In Allowing the Federal Circuit's Opinion To Go Unaddressed

It is quite apropos to set forth a significant portion of this Court's opinion in *Schulz* v. *Pennsylvania RR. Co.* 350 U.S. 523, 76 S.Ct. 608 (1956):

> "In considering the scope of the issues entrusted to juries in cases like this, it must be borne in mind that negligence cannot be established by direct, precise evidence such as can be used to show that a piece of ground is or is not an acre. Surveyors can measure an acre. But measuring negligence is different. The definitions of negligence are not definitions at all, strictly speaking.
>
> Usually one discussing the subject will say that negligence consists of doing that which a person of reasonable prudence would not have done, or of failing to do that which a

> person of reasonable prudence would have done under like circumstances. Issues of negligence, therefore, call for the exercise of common sense and sound judgment under the circumstances of particular cases. '[W]e think these are questions for the jury to determine. We see no reason, so long as the jury system is the law of the land, and the jury is made the tribunal to decide disputed questions of fact, why it should not decide such questions as these as well as others.' *Jones* v. *East Tennessee, V. & G. R. Co.*, 1888, 128 U.S. 443, 445, 9 S.Ct. 118, 32 L.Ed. 478."
>
> (76 S.Ct. at 610)

"Obviousness" is clearly an issue quite similar to negligence. Like negligence, this issue calls for a determination from a fair cross-section of the community, using its common sense, judgment, and experience in life. The PMD virtually assures the elimination of this benefit in the vast majority of patent cases whenever a jury is involved. This Court, as the final arbitor of the Constitution and the forum that establishes uniform administrative policies for the federal court system, should decide the issue presented here,—not the specialized Federal Circuit Court of Appeals.

Conclusion

An historic, national issue needs resolving. This Writ presents this Court with an ideal opportunity to do so. Petitioner prays this Court to grant certiorari in this matter.

Respectfully submitted,

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88-1936

No.

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CLERK

IN THE

Supreme Court of the United States

OCTOBER TERM, 1988

NEWELL COMPANIES, INC.,

Petitioner,

-VS.-

KENNEY MANUFACTURING CO.,

Respondent.

On Petition For A Writ Of Certiorari To The United States Court Of Appeals For The Federal Circuit

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APPENDIX

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APPENDIX A

UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

85-2232,
86- 711,
86- 742,
and
86-1018

NEWELL COMPANIES, INC.,
Plaintiff-Appellant,

v.

KENNEY MANUFACTURING COMPANY,
Defendant/Cross-Appellant.

DECIDED: December 29, 1988

Before NIES, NEWMAN, and ARCHER, *Circuit Judges.*

NIES, *Circuit Judge.*

Newell Companies, Inc., appeals from the judgment of the United States District Court for the District of Rhode Island, 606 F. Supp. 1282, 226 USPQ 157 (D.R.I. 1985) (Boyle, C.J.), in a patent infringement suit brought against Kenney Manufacturing Company. Following a jury trial in which the jury answered interrogatories responding, *inter alia*, that no claims in issue of United States Patent No. 4,006,770 (the '770 patent), owned by Newell, were proved invalid for obviousness under the standard of 35 U.S.C. § 103 (1982), the district court granted Kenney's reserved motion for directed verdict and entered judgment for Kenney on that issue holding claims 1, 2, 6 and 7 invalid. We *affirm.*

I Background

The invention of the '770 patent relates to retractable (up and down) window shades. Ferguson, the inventor, was products manager of Newell's window shade division, and developed the shade after seeing certain vinyl shade material manufactured by Sean Corcoran. Corcoran's material is scored partially through in lines parallel to one lengthwise edge so that it can be torn to a desired width. Its advantage over other scored shade materials is that light does not shine through the scored portion.

Corcoran sought a patent which claimed his shade material in combination with a roller, and in *In re Corcoran*, 640 F.2d 1331, 208 USPQ 867 (CCPA 1981), a predecessor of this court addressed the patentability of Corcoran's invention. Because the Corcoran material had been placed on sale in the United States in 1972, more than a year before the filing date of Corcoran's application, and the combination with a roller would have been obvious, Corcoran was held to have lost his right to a patent under 35 U.S.C. § 102(b)/§ 103 (1982). Specifically, the court stated:

> As to the support means we conclude that, given the plastic sheet shade material denominated a "window shade," nothing could be more obvious than to attach it to a roller or other support.

Id. at 1334, 208 USPQ at 870. The Corcoran material alone or in combination with a roller, thus, was unprotectable and freely available for anyone to use.

After learning of the Corcoran material in late 1973 or early 1974, Ferguson, sensing the market potential, contacted Corcoran, who resided in Ireland, and requested sample shades. Corcoran sent the shades along with a letter explaining that he would not have the output to supply Newell until 1975 and that at the time rollers were

in better supply and cheaper in America. This correspondence led to meetings and eventually to a business arrangement between Corcoran and Newell. Ferguson proceeded to develop the subject matter of the '770 patent, which attaches the Corcoran material to a telescoping roller having a smaller section able to slide inside a larger section.

Ferguson claims the advantage that his shade can be assembled by consumers without the use of tools. As explained in the specification, the material is affixed to the larger roller section. After adjusting the width of the material and roller, the consumer removes a protective cover on an adhesive strip on the smaller roller end and presses the material onto that adhesive. In conducting test marketing, Newell made shades from material supplied by Corcoran and from telescoping rollers available on the market and made by Clopay Corporation. As described *infra*, the Clopay roller came with a cardboard sleeve which fitted over its smaller telescoping end. That sleeve was unnecessary in the Ferguson assembly and was simply discarded. The Clopay roller is the subject of United States Patent No. 3,203,468 (the '468 patent), issued to Gossling and owned by Clopay.

Shortly thereafter, Ferguson applied for the patent which is the subject of this suit. Claim 1 of the '770 patent, which issued to Ferguson in February 1977, reads:

> In an extensible and retractable roll window shade assembly which is width adjustable and installable by the consumer without the use of tools or cutting elements, the combination of a telescoping roller assembly, said telescoping roller assembly including a first roller section, said first roller section having a constant external diameter from end portion to end portion, the outer end portion of said first roller section having first means for supporting the window shade assembly from a first support location, the inner end por-

tion of said first roller section having an opening therein of a size to receive a second roller section, said second roller section having a constant nominal external diameter from end portion to end portion, the outer end portion of said second roller section having second means for supporting the window shade assembly from a second support location, said second roller section being telescopically, slidably received within the first roller section whereby the length of the roller assembly can be adjustable within the limits of the range of telescoping movement, means for precluding relative rotation between the first and second roller sections, a shade of flexible sheet material, a first portion of the upper end of the shade being secured to the first roller section, one side portion of the shade having a plurality of lines of weakness which extend from the upper end of the shade to the lower end of the shade whereby the width of the shade can be adjusted to a desired width by separating a portion of the side of the shade from the balance of the shade, said separated portion being bounded, on the outside, by the original shade edge and, on the inside, by a line of weakness along which said portion is separated from the balance of the shade, said first and second telescoping roller sections being adjustable to an overall length which is at least as wide as the length of the final shade width without severance of any portion of either section, securement means for securing the second portion of the upper end of the shade, which is generally aligned with the second roller section, in fixed relationship to the second, smaller external diameter roller section with a substantially constant securing force from point to point along the length of the portion of the second

> roller section which extends beyond the end of the first roller section, whereby the positions of the first and second roller sections are fixed with respect to one another and to the shade throughout the entire area of overlap of the shade and the roller assembly.

The Newell window shade was successful with consumers immediately on its introduction into full marketing in October 1975. Other shade companies introduced competing products. In July 1981, Kenney's do-it-yourself shade appeared in response to the requirements of its customer, K-Mart. The Kenney shade was made with scored material and a telescoping roller but, unlike Ferguson's design, the shade material was attached to the larger roller section only and was simply allowed to wrap loosely around the smaller end.

At trial, Kenney asserted numerous defenses, but the dispositive issue here is whether the '770 invention would have been obvious from prior art which includes the Corcoran material, telescoping rollers, and various means for securing a shade to a roller including adhesive strips and partial securement as in the Kenney shade. At the conclusion of presentation of evidence, both parties moved for a directed verdict on which the district court reserved its rulings, and the case was submitted to the jury. In its instructions, the court directed the jury to answer a series of questions, including a question whether any of the claims of Newell's '770 patent would have been obvious, to which the jury answered "No," and whether Kenney infringed any claims, to which the jury answered "Yes." After receipt of the jury's verdict in this form, the court made its rulings on the parties' motions for directed verdict, denying Newell's and granting Kenney's.[1] The district court

---

[1] The Federal Circuit follows regional circuit law on this type of procedural matter. *Digital Equip. Corp.* v. *Emulex Corp.*, 805 F.2d 380, 382 n.3, 231 USPQ 779, 781 n.3 (Fed. Cir. 1986). The procedure

set out in detail a set of facts and explained the basis for its decision holding claims 1, 2, 6, and 7 unpatentable under 35 U.S.C. § 103, that is, the court concluded from this set of facts that the invention would have been obvious to one of ordinary skill in the art.[2] The court also held that the jury's verdict was not reasonable. Newell appeals the grant of judgment for Kenney.

After entry of judgment, Kenney moved for attorney fees. The court denied that motion and Kenney cross-appeals the denial of attorney fees.[3]

---

of ruling on the directed verdict motion after the jury verdict and entering judgment thereon, under the circumstances here, is in accordance with the procedural law of the First Circuit. Rule 50(b) provides that a motion for JNOV must be made within ten days of entry of *judgment*. In *First Safe Deposit National Bank* v. *Western Union Telegraph Co.*, 337 F.2d 743, 746 (1st Cir. 1964), the court affirmed a district court entry of directed verdict when the court acted within the time for granting JNOV. *Accord Norton* v. *Snapper Power Equip.*, 806 F.2d 1545, 1547 (11th Cir. 1987); *Nichols Constr. Co.* v. *Cessna Aircraft Co.*, 808 F.2d 340, 354-56 (5th Cir. 1985); *Warkentien* v. *Vondracek*, 633 F.2d 1, 2 (6th Cir. 1980).

The motion for directed verdict here was similarly granted within the time for JNOV. While the jury returned its verdict here on February 21, 1984, judgment was not entered at that time because other claims had to be resolved. Judgment was actually first entered on April 4, 1985, by directed verdict. Thus, this ruling falls within the ruling of *First Safe Deposit National Bank*.

[2] 35 U.S.C. § 103 provides in pertinent part:

A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made.

[3] Appeal Nos. 85-2232, 86-711, and 86-1018 are duplicate appeals by Newell, all from the district court's April 4, 1985 judgment, filed because of uncertainty of the date from which to appeal. The Supreme Court in *Budinich* v. *Becton Dickinson & Co.*, 108 S. Ct. 1717, 1720-

II Issues in Newell's Appeal

The dispositive issue in Newell's appeal is whether the trial court erred in setting aside the jury's verdict of non-obviousness of the subject intervention. Newell does not challenge the trial court's statement of the facts underlying the trial court's obviousness conclusion except in an immaterial detail. Newell's challenge is two-fold. First, it argues that the trial court improperly substituted its conclusion on obviousness for that of the jury and second it argues that, in any event, the subject invention meets the statutory standard of section 103. We deal with these arguments in turn.

III Standard of Review of the Grant of Directed Verdict or JNOV

The first issue raised by Newell presents the question whether a litigant is entitled to a jury verdict on a disputed issue of obviousness where there are no disputed issues of material fact underlying that issue. In *Hepner* v. *United States*, 213 U.S. 103 (1909), which upheld the grant of a directed verdict and was reaffirmed in *Tull* v. *United States*, 481 U.S. 412 (1987), the Court stated:

> The objection made in behalf of the defendant, that an affirmative answer to the question certified[4] could be used so as to destroy the constitutional right of trial by jury, is without merit and need not be discussed. The defendant was, of course, entitled to have a jury summoned in this case, but that right was subject to the condition, fundamental in the conduct of civil actions,

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22 (1988), has now held that a decision on the merits is a final decision for purposes of immediate appeal, even though the recoverability or amount of attorney's fees for the litigation remains to be determined. Appeal No. 86-742 is the Kenney cross-appeal.

[4] The question certified was whether the trial court may direct a verdict where evidence is undisputed.

> that the court may withdraw a case from the jury and direct a verdict, according to the law if the evidence is uncontradicted and raises only a question of law.
>
> Restricting our decision to civil cases, in which the testimony is undisputed, and without qualifying former decisions requiring the court to send a case to the jury, under proper instructions as to the law, where the evidence is conflicting on any essential point, we answer the question here certified in the affirmative.

213 U.S. at 115.

All of our precedent holds that, where the only issue is, as here, the application of the statutory standard of obviousness (35 U.S.C. § 103) to an established set of facts, there is only a question of law to be resolved by the trial judge, and that the trial court's conclusion on obviousness is subject to full and independent review by this court.

In a case directly on point in ruling on a JNOV motion, *Medtronic, Inc.* v. *Intermedics, Inc.*, 799 F.2d 734, 738, 230 USPQ 641, 643 (Fed. Cir. 1986), *cert. denied*, 479 U.S. 1033 (1987), Judge Davis stated the law in exemplary fashion as follows:

> On this appeal, Intermedics does not contest the *Graham* factual inquiries stipulated by the parties or decided by the jury; rather, Intermedics disputes only the ultimate conclusion of nonobviousness with respect to claims 1 and 7 of the C/D patent. Obviousness is a question of law. In reviewing a District Court's refusal to grant JNOV, it is the duty of this court to be satisfied that the law has been correctly applied to the facts found. *Structural Rubber Products*, 749 F.2d at 719, 223 USPQ at 1273; *Railroad Dynamics, Inc.*, 727 F.2d at 1512, 220 USPQ at 936.

Similarly, *Structural Rubber Products Co.* v. *Park Rubber Co.*, 749 F.2d 707, 223 USPQ 1264 (Fed. Cir. 1984) held:

> The introduction of a jury can not change the *nature* of the obviousness decision. It continues to be a legal issue for the court. Indeed, the role of a trial court should not be significantly different in a patent jury trial from its role in a patent bench trial with respect to legal issues. On appeal, the standard of review applied by an appellate court to factual issues is affected by the different type of trial. Findings of fact by the jury are more difficult to set aside (being reviewed only for reasonableness under the substantial evidence test) than those of a trial judge (to which the clearly erroneous rule applies). But the standard of review of the conclusion on obviousness remains the same—it is a question of law. Thus, it is the duty of the appellate court to be satisfied that the law has been correctly applied to the facts regardless of whether the facts were determined by judge or jury.

Id. at 718-19, 223 USPQ at 1273 (footnote omitted). *See also White* v. *Jeffrey Mining Mach. Co.*, 723 F.2d 1553, 1558-60, 220 USPQ 703, 705-07 (Fed. Cir. 1983) (reversed denial of JNOV where "the parties are in substantial agreement on the facts bearing on the question of obviousness"), *cert. denied*, 469 U.S. 825 (1984); *American Hoist & Derrick Co.* v. *Sowa & Sons, Inc.*, 725 F.2d 1350, 1361, 220 USPQ 763, 772 (Fed. Cir. 1984) (remanded because "[a] district court may not solicit only a legal conclusion [on obviousness] from the jury").

Our precedent on summary judgment motions, which are decided under essentially the same standard as that for a motion for directed verdict or JNOV, *Anderson* v. *Liberty Lobby, Inc.*, 477 U.S. 242, 250 (1986), is in accord with the above decisions. In that connection we have held that

where the ultimate legal conclusion of obviousness is disputed, but not the underlying facts, there is no issue of fact requiring a trial, even though some facts favor obviousness, some nonobviousness. *See, e.g., Union Carbide Corp.* v. *American Can Co.*, 724 F.2d 1567, 220 USPQ 584 (Fed. Cir. 1984); *Chore-Time Equip., Inc.* v. *Cumberland Corp.*, 713 F.2d 774, 218 USPQ 673 (Fed. Cir. 1983). This is so even in a case where a jury is demanded, because it is not the function of the jury to pick and choose among *established facts* relating to obviousness in contrast to its obligation to sift through *conflicting evidence* and determine what those facts are. On the other hand, where there appears to be a genuine evidentiary conflict over an underlying material fact, the grant of summary judgment is inappropriate. *See, e.g., Finish Eng'g Co.* v. *Zerpa Indus., Inc.*, 806 F.2d 1041, 1 USPQ2d 1114 (Fed. Cir. 1986). At times, no doubt, "the issues may be such that only after the agony of a full-blown trial may it authoritatively be determined that there was never really the decisive issue of fact at all." *Robbins* v. *Milner Enters., Inc.*, 278 F.2d 492, 497 (5th Cir. 1960). But there is no question that the court may take the issue from the jury on a directed verdict or JNOV motion at least in the same circumstances where it could have granted summary judgment. *See Anderson*, 477 U.S. at 250; 5A J. Moore & J. Lucas, *Moore's Federal Practice* ¶ 50.03[4] at 50-38 to -39 (2d ed. 1988); 9 C. Wright & A. Miller, *Federal Practice & Procedure: Civil* § 2532 at 578 (1971).

All the above merely reflects that a party has a right to a *jury trial* in an action at law, not a right to a *jury verdict*. A jury verdict need not be obtained and may be set aside under the common law principles incorporated into the Constitution where there is no fact issue for the jury to decide.[5] The authority of the judge to rule on issues

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[5] As the noted scholar, Professor Blume has stated:

of law during the course of proceedings is an essential element of a jury trial.

As explained in *Herron* v. *Southern Pacific Co.*, 283 U.S. 91, 95 (1931):

> In a trial by jury in a federal court, the judge is not a mere moderator, but is the governor of the trial for the purpose of assuring its proper conduct and of determining questions of law. This discharge of the judicial function as at common law is an essential factor in the process for which the Federal Constitution provides . . . .
>
> "Trial by jury," said the court in *Capital Traction Co.* v. *Hof*, 174 U.S. 1, 13, 14, "in the primary and usual sense of the term at the common law and in the American constitutions, is not merely a trial by a jury of twelve men before an officer vested with authority to cause them to be summoned and empanelled, to administer oaths to them and to the constable in charge, and to enter judgment and issue execution on their verdict; but it is a trial by a jury of twelve men in the presence and under the superintendence of a judge empowered to instruct them on the law and to advise them on the facts, and (except on

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> The right guaranteed by the Constitution is the right to jury *trial*; not a right to a jury's *verdict*. There is no right to a trial unless there is an issue to be tried.
>
> In applying what may be called the "issue" test to determine whether there is a right to jury trial, each factual element in the claim or defense should be considered separately. There may be issues formed by the evidence as to some of the facts and not as to others. Only those facts which are in issue under the evidence should go to the jury for determination. The right of jury trial extends to these facts, and to these alone.

W. Blume, *Origin and Development of the Directed Verdict*, 48 Mich. L. Rev. 555, 574 (1950).

> acquittal of a criminal charge) to set aside their verdict if in his opinion it is against the law or the evidence." See, also, *United States v. Philadelphia & Reading R. Co.*, 123 U.S. 113, 114; *Patton v. United States*, 281 U.S. 276, 288, 289.

See also St. Louis v. *Praprotnik*, 108 S. Ct. 915, 925 (1988); *Miller* v. *Fenton*, 474 U.S. 104, 112-14 (1985); *Galloway* v. *United States*, 319 U.S. 372 389-92 (1943); *Dimick* v. *Schiedt*, 293 U.S. 474, 486 (1935); *Sparf & Hansen* v. *United States*, 156 U.S. 51, 80-82 (1895); *United States* v. *Articles of Drugs: 5906 Boxes*, 745 F.2d 105, 112-13 (1st Cir. 1984) (Stewart, J., Ret.). Had the trial court failed to exercise that authority here,[6] a constitutional jury trial would have been denied, not upheld.

Notwithstanding the above precedent, Newell finds support in some decisions of this court for its argument that the district court improperly substituted its determination of obviousness for that of "reasonable jurors," namely this court's opinions in *Perkin-Elmer Corp.* v. *Computervision Corp.*, 732 F.2d 888, 221 USPQ 669 (Fed. Cir.), *cert. denied*, 469 U.S. 857 (1984); *Railroad Dynamics, Inc.* v. *A. Stucki Co.*, 727 F.2d 1506, 220 USPQ 929 (Fed. Cir.), *cert. denied*, 469 U.S. 871 (1984); and *Connell* v. *Sears Roebuck & Co.*, 722 F.2d 1542, 220 USPQ 193 (Fed. Cir. 1983). In particular, Newell points to statements in *Connell* that "it is not error to submit the question of obviousness to the jury," *Connell*, 722 F.2d at 1547, 220 USPQ at 197, and that "[j]ury verdicts must be treated with great deference," *id.* at 1546, 220 USPQ at 196. Newell fails to note that in *Connell* this court affirmed the setting aside of a jury verdict of nonobviousness of the invention. Newell also fails to note the entirety of the court's statement in *Connell*. This court held in *Connell* that, although it is not

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[6] It is necessary for a litigant seeking to have a judge rule on a legal issue to have followed the required procedures. A court is not obligated to act *sua sponte*. This qualification applies throughout this opinion.

error to submit the obviousness/nonobviousness issue to the jury, "it is ultimately a question of law decidable by the court in response to a motion for JNOV." *Id.* at 1550, 220 USPQ at 200. It must also be pointed out that *Connell* involved submission of the obviousness issue where there were material, factual disputes, not submission of that issue where no underlying facts are in dispute ("the facts underlying the jury's nonobviousness conclusion were not supported by substantial evidence," *id.* at 1548, 220 USPQ at 198).

Were we to adopt Newell's argument that, where no facts are in dispute, *Connell* requires that obviousness be determined by the opinion of reasonable jurors on whether the statutory standard of section 103 was or was not satisfied, our decisions in *Medtronic, Structural Rubber,* and *White,* among others, would be in direct conflict with *Connell.* By the same token, *Connell* would then be in conflict with our prior summary judgment and bench trial rulings which hold that the ultimate conclusion of obviousness, that is, the application of the statutory standard to a set of facts, is an issue of law, and like any other issue of law is subject to independent plenary review and determination by this court.[7]

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[7] A notable conflict would arise between *Connell* and the most definitive decision of the court holding that the application of the statutory standard of obviousness to a set of established facts is an issue of law, *Panduit Corp.* v. *Dennison Manufacturing Co.*, 810 F.2d 1561, 1 USPQ2d 1593 (Fed. Cir.), *cert. denied*, 107 S. Ct. 2187 (1987). That decision was rendered following remand from the Supreme Court, 106 S. Ct. 1578 (1986), *vacating* 774 F.2d 1082 (Fed. Cir. 1985). To the same effect are all the decisions of this court and its predecessors across the entire spectrum of our patent jurisdiction, which covers ex parte appeals from the Patent and Trademark Office, appeals from decisions of the United States International Trade Commission, and appeals from the United States Claims Court, as well as appeals from United States district courts. Representative cases may be found in the extensive listing at 2 D. Chisum, *Patents* § 5.04[3] [d] at 5-157 to -158.1 (1988 and Supp. 1988).

This court has adopted the rule that prior decisions of a panel of the court are binding precedent on subsequent panels unless and until overturned *in banc*. *See UMC Elecs. Co.* v. *United States*, 816 F.2d 647, 652 n.6, 2 USPQ2d 1465, 1468 n.6 (errata) (Fed. Cir. 1987), *cert. denied*, 108 S. Ct. 748 (1988). Where there is direct conflict, the precedential decision is the first. Even if all comments in the decisions considered here are not completely harmonious, Newell points to no actual conflict, and we see none. Nothing said in *Structural Rubber*, *Medtronic*, or in any other prior decision, or in this opinion, should be interpreted to mean that because a court must make its independent decision on the ultimate issue of obviousness, a court can also make its own factual findings on that issue independent of the jury. A jury's resolution of evidentiary conflicts to establish the facts is the essence of its role in a jury trial. Judges must accept the factual findings, presumed from a favorable jury verdict, which are supported under the substantial evidence/reasonable juror standard. *See Structural Rubber*, 749 F.2d at 719, 223 USPQ at 1273; *Medtronic*, 799 F.2d at 738, 230 USPQ at 643. Those opinions do not depart from the holding in *Connell*. Where the case turns on resolution of a factual issue, the issue of obviousness may be given to the jury with proper instructions.[8]

Conversely, nothing said in *Connell*, *Railroad Dynamics*, or *Perkin-Elmer* entitles Newell to a jury verdict where there is no genuinely or substantially disputed issue of material fact underlying the obviousness determination. In that instance, there is only an issue of law for the trial

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[8] *Connell*, *American Hoist*, and *Structural Rubber* all emphasize the need for juries to focus on the factual inquiries underlying obviousness. This an be achieved through interrogatories accompanying a general verdict, special fact verdicts, or mandatory alternative instructions. *See Connell*, 722 F.2d at 1546, 220 USPQ at 196-97, *American Hoist*, 725 F.2d at 1361, 220 USPQ at 771; *Structural Rubber*, 749 F.2d at 720, 223 USPQ at 1274.

court to resolve and that court's conclusion is subject to plenary review in this court.

Significant to an understanding of our precedent is that a number of earlier appeals in jury cases had been tried under the law of certain circuits' precedent which held that obviousness was a question of fact.[9] In such circuits the jury was not infrequently asked to answer the question of obviousness in a special fact verdict under Rule 49(a) of the Federal Rules of Civil Procedure.[10] In any appeal, of course, an appellate court must decide whether the ultimate judgment can be sustained. Any error must be harmful. Thus, when the parties presented the case to this court in a manner which defined appropriate issues for resolution, this court proceeded to resolve those issues. Procedural errors that do not unfairly affect the outcome are to be ignored. Trials must be fair, not perfect. *See Fonar Corp.* v. *Johnson & Johnson*, 821 F.2d 627, 633, 3 USPQ2d 1109, 1114 (Fed. Cir. 1987), *cert. denied*, 108 S. Ct. 751 (1988). This is such a case. Giving the jury a direct question to answer on the legal issue of obviousness was technically a violation of Rule 49(a), but harmless here. Newell does not challenge the statement in the trial court's opinion as to the underlying material facts. Thus, the issue presented to us is solely a legal question we may decide, specifically, whether the statutory standard of obviousness "has been correctly applied to the facts found." *Medtronic*, 799 F.2d at 738, 230 USPQ at 643. *See also Kungys* v. *United States*, 108 S. Ct. 1537, 1547 (1988) ("materiality

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[9] *See* 2 D. Chisum, *supra*, § 5.04[3][d] at 5-150 to -158.1 (reviewing each circuit's position on whether obviousness is a question of law or fact).

[10] Rule 49(a) reads in pertinent part:

> **Special Verdicts and Interrogatories**
>
> **(a) Special Verdicts.** The court may require a jury to return only a special verdict in the form of a special written finding upon each issue of fact.

under [8 U.S.C.] § 1451(a) is an issue of law, which we may decide for ourselves"). Accordingly, we turn to the merits of the court's ruling holding the '770 patent invalid under section 103.

IV The District Court Correctly Held That Invention of the '770 Patent Would Have Been Obvious

The district court began its obviousness analysis by delineating the obviousness standard, as set forth in *Graham* v. *John Deere Co.*, 383 U.S. 1, 17 (1966), and the significance of "secondary considerations" as interpreted in *Stratoflex, Inc.* v. *Aeroquip Corp.*, 713 F.2d 1530, 1538-39, 218 USPQ 871, 879 (Fed. Cir. 1983), and *Environmental Designs, Ltd.* v. *Union Oil Co.*, 713 F.2d 693, 695, 218 USPQ 865, 867 (Fed. Cir. 1983), *cert. denied*, 464 U.S. 1043 (1984). The court further stated that it was mindful of the presumption of validity and that Kenney bore the burden of establishing facts, by clear and convincing evidence, which established invalidity, citing *Perkin-Elmer*, 732 F.2d at 894, 221 USPQ at 674.

The court noted that the Corcoran material and shade design, which had *not* been considered by the PTO examiner, were prior art; also, that Corcoran contemplated using a roller which could be adjusted (albeit by cutting) to conform to the adjusted width of the shade material.

The court noted that numerous prior patents showed telescoping rollers adjustable in width to which window shade material was attached. It particularly analyzed the United States patents to Gossling, No. 3,203,468 and No. 3,299,944, for window shades with adjustable, telescoping rollers. In both, the shade material is adhesively secured directly to the *larger* roller section as in the claims, *sub judice*. They also disclose that the material extending over the smaller roller section can be kept from drooping by adhesively affixing it to a cardboard sleeve over the smaller roller section or by discarding the sleeve and providing

extra rolls of material to form a tube-like structure around the smaller roller section.[11]

The court noted that no single item of prior art specifically covered a shade using the improved Corcoran-type, scored, vinyl material on a telescoping roller. Gossling '468 and '944, for example, show mounting *cuttable* cloth fabric on a telescoping roller. However, there was evidence that others of ordinary skill in the art had, prior to Ferguson's invention, proposed securing other, less satisfactory, strippable, shade material to telescoping rollers to achieve do-it-yourself adjustability without tools.[12] In sum, the court concluded, however, that "[g]iven the nature of the [Corcoran] material, it would have been obvious to one with ordinary skill in the art to mount that shade material on a telescoping roller, well known in the art, which could be quickly shortened to match the width of the shade. Like the *Corcoran* court [(the CCPA)], this Court feels that '. . . nothing could be more obvious . . . .' " *Newell*, 606 F. Supp. at 1296, 226 USPQ at 166.

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[11] Gossling '468 specifically teaches using the telescoping roller without the sleeve on the small roller section:

> The embodiments of FIGURES 11-12 and 13-14 [showing direct attachment to smaller roller section] illustrate equivalent structures which will function in a manner similar to the paper tube and which can be substituted for the paper tube without sacrifice of the functional characteristics of the shade.

Specification '468, col. 5, lines 28-32.

> Similarly, a shade could be made with a sufficient excess of shade material which when wrapped upon itself would provide the supporting tube overlying the telescoping inner end of the shade roller.

Specification '468, column 6, lines 2-6.

[12] Newell argues that a 1967 internal memorandum of a Kenney employee proposing this combination was inadmissible evidence because it was not technically "prior art." However, it was admissible for the purpose indicated. *See Thomas & Betts Corp.* v. *Litton Sys., Inc.*, 720 F.2d 1572, 1580-81, 220 USPQ 1, 7 (Fed. Cir. 1983).

In reaching the conclusion that the invention of the '770 patent would have been obvious, the trial court gave deference to the presumption of validity of the patent and to the evidence of commercial success. It resisted hindsight reconstruction of the invention and did not rely simply on the individual elements of the claim being in the prior art but also on evidence of the level of skill in the art with respect to the making of the combination. No fault can be found in the legal propositions on which the court relied or in the court's method of analysis, and Newell asserts none.

Newell first asserts that the trial court erred in reversing the jury's verdict of nonobviousness because the trial court narrowly construed the "securement means" element of the claim, limiting it to "adhesive." Newell does not argue that the claim excludes adhesive, but rather that other means are covered as well.[13] This argument is meritless. A narrow construction of "securement means" was not prejudicial to Newell on the issue of obviousness. The more narrowly a claim is construed, the more likely the claim may be upheld in light of the prior art. J. Landis, *Mechanics of Patent Claim Drafting* 177 (2d ed. 1974); 3 E. Lipscomb, *Walker on Patents* § 11:23 at 462 (3d ed. 1985).[14]

Newell asserts that to set aside the verdict Kenney had to meet an "almost impossibly lofty standard . . . after the

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[13] At first blush, the interpretation limiting "securement means" to "adhesive" appears erroneous. However, it must be understood, as Newell admits, that staples, tacks, and the like do not meet the limitations of the securement means, e.g., "constant securing force" or the overall limitation that Newell admits the shade must be capable of assembly by customers *without* tools. Even *intermittent* glue is not within the claim, per the inventor.

[14] Further, the extra rolls of fabric which Newell asserts are an equivalent of adhesive are also shown in the prior art Gossling '468. *See supra* note 13.

jury found that Kenney did not meet its burden of proof." Contrary to Kenney's argument, the trial court was not restricted, in applying the legal test for obviousness to the established facts, either by a quantum of proof or by a "lofty" standard. Quantums of proof related to proof of facts, not legal conclusions. *See SSIH Equip., S.A.* v. *United States Int'l Trade Comm'n*, 718 F.2d 365, 375, 218 USPQ 678, 687 (Fed. Cir. 1983) ("[W]e find it inappropriate to speak in terms of a particular standard of proof being necessary to reach a legal conclusion. Standard of proof relates to specific factual questions."). Our precedent holds that the disputed facts underlying the legal conclusion must be established by clear and convincing evidence, not the ultimate legal conclusion of obviousness itself. *See American Hoist*, 725 F.2d at 1360, 220 USPQ at 770; *Connell*, 722 F.2d at 1549, 220 USPQ at 199.

Newell argues that the trial court was required to consider the evidence in the light most favorable to Newell and to draw the "inference" of obviousness in Newell's favor. However, the requirement to draw favorable "inferences" relates only to *factual* inferences, not to legal conclusions based on an established set of facts, even though those facts do not all favor that conclusion. *See Petersen Mfg. Co.* v. *Central Purchasing, Inc.*, 740 F.2d 1541, 1548, 222 USPQ 562, 567 (Fed. Cir. 1984) ("Nor is the court's conclusion on obviousness an adverse inference of fact."); *FMC Corp.* v. *Manitowoc Co.*, 835 F.2d 1411, 1416-17, 5 USPQ2d 1112, 1116-17 (Fed. Cir. 1987); 10 J. Moore & H. Bendix, *Moore's Federal Practice* § 301.03[1] (2d ed. 1988).

Newell states as a legal proposition: "The law presumes the existence of findings [by the jury] necessary to support the verdict." In the context of this case that proposition overstates the presumption from the verdict. It is well settled that the jury is presumed to have resolved *disputed* factual issues in favor of the verdict winner. However, it may not be presumed that the jury found facts on which

there is no evidence. Nor is the jury free to discard probative admissions and undisputed facts. *See Baumstimler* v. *Raskin*, 677 F.2d 1061, 1070, 215 USPQ 575, 582-83 (5th Cir. 1982); *Dual Mfg. & Eng'g, Inc.* v. *Burris Indus., Inc.*, 619 F.2d 660, 664, 205 USPQ 1157, 1161 (7th Cir.) (*en banc*), *cert. denied*, 449 U.S. 870 (1980); *Panther Pumps & Equip. Co.* v. *Hydrocraft, Inc.*, 468 F.2d 225, 228, 175 USPQ 577, 579 (7th Cir. 1972), *cert. denied*, 411 U.S. 965 (1973); 9 C. Wright & A. Miller, *supra*, at 591.

Newell argues that the Gossling references teach away from a do-it-yourself adjustable shade which does not require use of tools because that art requires "cutting the shade material." Once Corcoran invented his plastic tearable material and publicly disclosed it, however, the problem of having to cut the material was eliminated. The inventor Ferguson himself candidly admitted:

> "Q Do you agree, Mr. Ferguson, with the statement that nothing could be more obvious than to mount Corcoran shade material on a roller adapted to be reduced in length?
>
> "A Yes, it was.

Ferguson responded similarly to another question:

> "Q [W]ouldn't it be obvious to a man skilled in the art as of February 1974, to put [the Corcoran material] on a roller which could likewise be reduced in length to correspond to the width of the window?
>
> "A That could be put on a telesoping roller, yes.
>
> "Q My question was wouldn't it be obvious to a man skilled in the art that he could do that?
>
> "A Yes, he could put it on a roller."

Ferguson went even further and admitted the significance of the Corcoran material to the success of the invention in the following testimony:

> "Q Do you agree, Mr. Ferguson, that you did not contribute the inventive thing which made the Newell shade a commercial success?
>
> "A No, I did not."

Like the inventor in *Calmar, Inc.* v. *Cook Chemical Co.*, part of the *Graham* trilogy, once another supplied the key element, there was no long-felt need or, indeed, a problem to be solved by Ferguson. The following statement in *Calmar* would apply here with changes only in names and date:

> The [Ferguson] invention . . . rests upon exceedingly small and quite non-technical mechanical differences in a device which was old in the art. At the latest, those differences were rendered apparent in [1974] by the appearance of the [Corcoran shade material], and unsuccessful attempts to reach a solution to the problems confronting [Ferguson] made before that time became wholly irrelevant.

383 U.S. at 36. It must also be noted again that the Patent Office did not cite the Corcoran shade as prior art and that Newell did not disclose either the Corcoran shade material or the advertising for the Corcoran shade to the examiner.

Despite a very strong *prima facie* case of obviousness established by the evidence, Newell argues that the district court was was obligated to draw the "inference" of non-obviousness from Newell's evidence of commercial success, copying by others, and other secondary considerations. These arguments were unpersuasive to the trial court and are unpersuasive to us. First, as indicated, obviousness is not a factual inference; second, although these factors must be considered, they do not control the obviousness conclusion. *See Custom Accessories, Inc.* v. *Jeffrey-Allan Indus., Inc.*, 807 F.2d 955, 960, 1 USPQ2d 1196, 1199 (Fed. Cir.

1986); *EWP Corp.* v. *Reliance Universal Inc.*, 755 F.2d 898, 908, 225 USPQ 20, 26 (Fed. Cir.), *cert. denied*, 474 U.S. 843 (1985).

Under similar circumstances, in *EWP Corp.*, where the record showed that the invention had become "very successful" in the industry,[15] this court held:

> In reaching our conclusion that the invention claimed would have been obvious, we have considered the evidence and arguments pertaining to the so-called "secondary considerations" such as commerical success, licensing, adoption by the industry, etc. Upon full consideration of all the evidence, we remain convinced that it presents a clear and very strong case of obviousness based on admissions and the teachings of the new references above considered.

Id. at 907, 225 USPQ at 25. In this case, as well, although the record shows a highly successful product,[16] the record also establishes such a strong case of obviousness based on admissions and the teachings of the prior art, including the improved Corcoran tearable shade material, a reference not considered during examination, that the objective evidence of nonobviousness does not persuade us to reach a contrary conclusion.

We conclude from the established facts that the district court committed no legal error in holding that the invention of claim 1 of the '770 patent would have been obvious

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[15] *See EWP Corp.*, 755 F.2d at 908, 225 USPQ at 26 (Davis, J., concurring).

[16] Newell argues that the district court erroneously overlooked some of its evidence of sales. Assuming this is true, because the court acknowledged that the Newell shade was highly successful, we are unpersuaded that this error was harmful.

within the meaning of 35 U.S.C. § 103.[17] Thus, Newell was not improperly deprived of the jury's verdict that the '770 patent would not have been obvious.

V Kenney's Cross-Appeal on Attorney Fees

Kenney argues that the court erred in not finding this case "exceptional" within the meaning of 35 U.S.C. § 285 (1982) and that Kenney should have been awarded its reasonable attorney fees. The basis for Kenney's argument is that Newell was guilty of inequitable conduct by failing to disclose Corcoran by name as the inventor of the vinyl fabric with invisible tear lines, Corcoran's advertisements in the United States for his shades, and Corcoran's correspondence with Ferguson, and in urging that a 1930 patent to Rice was the closest prior art. The district court held that Newell's conduct did not rise to the level of inequitable conduct and that attorney fees were not warranted in the circumstances of this case. We are not persuaded of factual error or abuse of discretion by the district court in denying attorney fees. *See Reactive Metals Alloys Corp.* v. *ESM, Inc.*, 769 F.2d 1578, 1582, 226 USPQ 821, 834 (Fed. Cir. 1985). Thus, the district court's denial of attorney fees to Kenney is affirmed.

Costs

The costs of each appeal shall be borne by the respective appellant.

AFFIRMED

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[17] Newell makes no separate argument on the patentability of dependent claims 2, 6, and 7. To the extent, if any, that Newell disputes any of the material facts relied on by the court, we conclude that no reasonable jury could resolve the underlying factual disputes on this record other than as stated by the trial judge. No error in overturning a material fact has been explicitly argued or shown.

UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

85-2232,
86- 711,
86- 742,
and
86-1018

NEWELL COMPANIES, INC.,
Plaintiff-Appellant,

v.

KENNEY MANUFACTURING COMPANY,
Defendant/Cross-Appellant.

NEWMAN, *Circuit Judge*, dissenting.

I respectfully dissent from the panel majority's change in the right to jury trial of the question of unobviousness. The full weight of Supreme Court and Federal Circuit decisions is contrary to their ruling, as are the traditions and laws governing jury verdicts, and the constitutional guarantee.

The Supreme Court has continually recognized the right to jury trial of the question of invention/unobviousness; and the Federal Circuit has been faithful to and has carried forward this constitutional requirement. We have reaffirmed that jury verdicts in patent cases, as jury verdicts in general, are reviewed on the reasonable jury/substantial evidence standard, not decided *de novo* by the appellate court.

The panel majority now holds that it is a violation of Rule 49(a) to ask the jury the question of unobviousness—and that if the jury nonetheless renders a verdict on the question of unobviousness, the most that the verdict is worth is to provide clues as to how the jury viewed the

underlying *Graham* factors. Indeed, in the case before us the panel majority holds that although no specific *Graham* findings were made by the jury, none were necessary because these factors, according to the majority, are now undisputed.

Thus the panel majority, giving "full and independent review by the court" to the question of unobviousness, conducts its own analysis of the prior art and draws its independent conclusions, giving no deference whatsoever to the jury verdict. Despite the jury trial, the jury has disappeared from the decisional process.

For an appellate tribunal to redecide the question of unobviousness without normal deference to the jury's verdict violates the right of litigants to trial by jury. As stated in *Raytheon Mfg. Co. v. Radio Corp. of America*, 76 F.2d 943, 947 (1st Cir.) *aff'd* 296 U.S. 459 (1935):

> Neither the Congress nor the courts can deprive a litigant of this [Seventh Amendment] right.

We solidly reaffirmed our obedience to this mandate in *Connell v. Sears, Roebuck & Co.*, 722 F.2d 1542, 1547, 220 USPQ 193, 197 (Fed. Cir. 1983):

> No warrant appears for distinguishing the submission of legal questions to a jury in patent cases from such submissions routinely made in other types of cases. So long as the Seventh Amendment stands, the right to a jury trial should not be rationed, nor should particular issues in particular types of cases be treated differently from similar issues in other types of cases.

Our treatment of patent jury trials like other jury trials, in accordance with history, tradition, and law, has benefited courts, litigants, and the vitality of the patent system. The panel majority now rejects our precedent that had

secured patent litigation in the mainstream of the judicial system.

As the appellate court receiving appeals from all the district courts of the nation, today's decision moves patent jury trials into some undefined limbo unique to patent litigation. This new and confusing conflict with our own precedent, of constitutional dimension, can not reassure the bar, or litigants, or trial judges.

I Conflict With Federal Circuit Decisions

The Federal Circuit has held time after time that the jury may decide the question of unobviousness. When the right to jury trial is protected, this protection can not be excised by simply allowing, or requiring, "independent plenary review and determination" of the issue by appellate judges.

The deference that courts must give to jury verdicts, by applying the substantial evidence/reasonable jury standard of review, is the mechanism by which the Seventh Amendment protects the jury system from encroachment. The Federal Circuit, in a large body of decision, has reviewed jury verdicts on unobviousness on this established standard. For example, the court wrote in *Orthokinetics, Inc. v. Safety Travel Chairs, Inc.*, 806 F.2d 1565, 1571, 1 USPQ2d 1081, 1085 (Fed. Cir. 1986):

> If then the district court is "convinced upon the record before the jury that reasonable persons could not reach or could not have reached a verdict for the non-mover, it should grant the motion for directed verdict or for JNOV."

(quoting *Connell v. Sears, Roebuck & Co.*, 722 F.2d 1542, 1546, 220 USPQ 193, 197 (Fed. Cir. 1983), and citing *Quaker City Gear Works, Inc. v. Skil Corp.*, 747 F.2d 1446, 1454-55, 223 USPQ 1161, 1166-67 (Fed. Cir. 1984), *cert. denied*, 471 U.S. 1136, (1985)). We concluded that the

district court, in failing to apply correctly the substantial evidence standard:

> inappropriately invaded the province of the jury, in derogation of [appellant's] rights as expressed in the Seventh Amendment to the Constitution.

Id. at 1571, 1 USPQ2d at 1085.

In *Perkin-Elmer Corp. v. Computervision Corp.*, 732 F.2d 888, 898, 221 USPQ 669, 677 (Fed. Cir.), *cert. denied*, 469 U.S. 857 (1984), the court referred to

> Computervision's appellate burden of showing that no reasonable juror could have concluded that it had failed to prove facts rendering the '763 patent claims invalid.

We again discussed the standard criteria for review of a jury verdict in *Bio Rad Laboratories, Inc. v. Nicolet Instrument Corp.*, 739 F.2d 604, 607, 222 USPQ 654, 657 (Fed. Cir.), *cert. denied*, 469 U.S. 1038 (1984):

> On appeal after denial of a motion for JNOV, appellant must show either: 1) that the jury's presumed or express findings are not supported by substantial evidence or, 2) if the jury's findings were supported by substantial evidence, that the legal conclusions implied from the verdict cannot be supported by those findings.

and in *Shatterproof Glass Corp. v. Libbey-Owens Ford Co.*, 758 F.2d 613, 621, 225 USPQ 634, 638 (Fed. Cir.), *cert. dismissed*, 474 U.S. 976 (1985):

> In the face of conflicting evidence, testimony, expert opinion, and argument, the jury found [the claims] valid. . . . We do not determine whether a jury could have reached a different verdict, but whether there is substantial evidence for the verdict that it reached. *Lavender v. Kurn*, 327 U.S. 645, 653 (1946).

Indeed, the Federal Circuit has not wavered from its constitutional obligation to enable jury trial of the question of unobviousness, from the beginning of our existence. *See White v. Jeffrey Mining Mach. Co.*, 723 F.2d 1553, 1558, 220 USPQ 703, 705 (Fed. Cir. 1983), *cert. denied*, 469 U.S. 825 (1984):

> Jeffrey argues that the judge improperly submitted this question of law [obviousness] to the jury and adopted its conclusion as his own, without the benefit of underlying findings of act. The argument is without merit. Submission of such a question of law to a jury, accompanied by appropriate instructions, is proper.

Our many decisions are consistent; see, for example, *Allen Organ Company v. Kimball Int'l, Inc.*, 839 F.2d 1556, 5 USPQ2d 1769 (Fed. Cir.), *cert. denied*, 109 S. Ct. 132 (1988); *Fonar Corp. v. Johnson & Johnson*, 821 F.2d 627, 631, 3 USPQ2d 1109, 1112 (Fed. Cir. 1987), *cert. denied*, 108 S. Ct. 751 (1988); *Unidisco, Inc. v. Schattner*, 824 F.2d 965 967, 3 USPQ2d 1439, 1441 (Fed. Cir. 1987), *cert. denied*, 108 S. Ct. 774 (1988); *Data Line Corp. v. Micro Technologies, Inc.*, 813 F.2d 1196, 1200, 1 USPQ2d 2052, 2054 (Fed. Cir. 1987); *Verdegaal Brothers Inc. v. Union Oil Co. of California*, 814 F.2d 628, 631, 2 USPQ2d 1051, 1052 (Fed. Cir.), *cert. denied*, 108 S. Ct. 95 (1987); *Vieau v. Japax, Inc.*, 823 F.2d 1510, 1515, 3 USPQ2d 1094, 1098 (Fed. Cir. 1987); *DMI, Inc. v. Deere & Co.*, 802 F.2d 421, 425-27, 231 USPQ 276, 279-80 (Fed. Cir. 1986); *Mainland Industries, Inc. v. Standal's Patents Ltd.*, 799 F.2d 746, 747-48, 230 USPQ 772, 773 (Fed. Cir. 1986); *Orthokinetics, Inc. v. Safety Travel Chairs, Inc.*, 806 F.2d 1565, 1571, 1 USPQ2d 1081, 1085 (Fed. Cir. 1986); *Shiley, Inc. v. Bentley Laboratories, Inc.*, 794 F.2d 1561, 1566, 230 USPQ 112, 114, (Fed. Cir. 1986); *Quaker City Gear Works, Inc. v. Skil Corp.*, 747 F.2d 1446, 1454-55, 223 USPQ 1161, 1166-67 (Fed. Cir. 1984), *cert. denied*, 471 U.S. 1136 (1985); *Weinar v. Rollform Inc.*, 744 F.2d 797, 223 USPQ 369

(Fed. Cir. 1984), *cert. denied*, 470 U.S. 1084 (1985); *American Hoist & Derrick Co. v. Sowa & Sons, Inc.*, 725 F.2d 1350, 220 USPQ 763 (Fed. Cir.), *cert. denied*, 469 U.S. 821 (1984); *Envirotech Corp. v. Al George, Inc.*, 730 F.2d 753, 221 USPQ 473 (Fed. Cir. 1984); *Railroad Dynamics, Inc. v. A. Stucki Company*, 727 F.2d 1506, 1512-13, 220 USPQ 929, 935 (Fed. Cir.), *cert. denied*, 469 U.S. 871 (1984); *Trans-World Mfg. Corp. v. Al Nyman & Sons, Inc.*, 750 F.2d 1552, 1560, 224 USPQ 259, 263 (Fed. Cir. 1984); *Connell v. Sears, Roebuck & Co.*, 722 F.2d 1542, 1546, 220 USPQ 193, 197 (Fed. Cir. 1983).

All of these decisions are contravened by the ruling of the panel majority that a jury verdict on the question of obviousness must receive "plenary" review by the court.

The panel majority proposes that if underlying facts are disputed the court shall infer the jury's factual findings from the jury's general verdict, and then make, on these inferred findings, a "full and independent" determination of unobviousness. We are not enlightened as to how to achieve this insight into the jury's mind. At best, this procedure requires that which we condemned in *American Hoist & Derrick Co.*, 725 F.2d at 1361, 220 USPQ at 772:

> A district court may not solicit only a legal conclusion from the jury and then act as fact finder preliminary to expressing agreement with its legal determination.

The nature of the verdict requested of the jury is determined by the trial court, in its discretion. The panel majority suggests that special interrogatories should be mandatory. But the courts have recognized the difficulty in presenting meaningful special interrogatories on the many questions raised by multiple prior art references or complex inventions. *See Panther Pumps & Equipment Co. v. Hydrocraft, Inc.*, 468 F.2d 225, 228, 175 USPQ 577, 579 (7th Cir. 1972):

> When only two or three narrow issues of fact, such as the date of invention or perhaps the date of first public sale, determine the issue of patent validity, it may be entirely appropriate to submit special interrogatories to the jury. But if, as in this case, one party contends that as many as 32 separate fact questions [on obviousness] must be resolved, the trial judge certainly may consider it inappropriate to use the special interrogatory procedure. [Footnote omitted]

As the court in *Panther Pumps* observed, this matter is within the unreviewable discretion of the trial judge. *See* 9 Wright & Miller, *Federal Practice and Procedure: Civil* (1971):

> § 2505: Whether a special or general verdict shall be returned rests in the discretion of the trial court.
>
> § 2511: The decision whether to use a general verdict accompanied by special interrogatories, as authorized by Rule 49(b), is similarly committed to the unreviewable discretion of the trial judge.

This court agreed in *Railroad Dynamics*, 727 F.2d at 1515, 220 USPQ at 938:

> District courts have broad authority and discretion in controlling the conduct of a trial. That authority extends to the form by which juries return verdicts, Fed. R. Civ. P. 49, and will not be interfered with unless an abuse of discretion is shown.

We recognized the opportunity for prejudice resulting from the compulsory use of interrogatories, stating in *Weinar*, 744 F.2d at 809, 223 USPQ at 376:

> [S]ubmission of interrogatories is not in all cases an unmixed blessing. The decision to submit in-

> terrogatories, and the precise language in which they are couched, can have an untoward effect on a verdict, if certain elements of the trial or the evidence are thereby overly emphasized in the jury's mind.

The majority creates a fresh conflict with these decisions, in favoring the submission of interrogatories or "mandatory alternative instructions" to the jury. Op., note 8. A "mandatory alternative instruction" would instruct the jury how it must decide the ultimate question, based on every combination of factual findings that the jury might make. For the *Panther Pumps* example of thirty-two separate fact questions, the number of such combinations of findings is two to the thirty-second power or 4,294,967,296.[1] Such instructions, even where feasible, inevitably presume the judge's conclusion, and could prejudice the jury's verdict. Professor Moore remarked:

> The notion that issues of "fact" are easily framed is unsound. And the jury is not, nor should it become a scientific fact finding body. Its chief value is that it applies the "law," oftentimes a body of technical and refined theoretical principles and sometimes edged with harshness, in an earthy fashion that comports with "justice" as conceived by the masses, for whom after all the law is mainly meant to serve.

Moore's Federal Rules, note to Rule 49, p. 1148 (1949), quoted in S. Driver, *The Special Verdict—Theory and Practice*, 26 Wash. L. Rev. 21, 23 (1951).

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[1] If there were only six separate fact questions the number of combinations of yes-no answers is sixty-four, setting the number of mandatory alternative instructions [*e.g.*, if the jury finds fact A is yes and B is no and C is yes, etc, then the jury must hold as follows . . .]. Even in simplified form this can not be a preferred mode of jury verdict, as the court in *Panther Pumps* recognized.

The panel majority imposes on the trial courts a procedure that is unique to patents, untested, and difficult to administer. As stated by H.T. Markey in *On Simplifying Patent Trials*, 116 F.R.D. 369, 370 (1987):

> There is neither reason nor authority for employing in a patent trial procedures and practices different from those employed in any other civil trial. Indeed, reason and authority mandate the contrary.

Chief Judge Markey continued the analysis:

> To say that a jury may never decide a question of law is to read out of existence Rule 49(b), providing for general verdicts, and Rule 51, providing for instructions on the law, as well as to render meaningless all the rules developed for handling conflicts between the fact findings and the ultimate legal conclusion reached by the jury on its way to its general verdict. Facile phrases like "facts are for the jury; law is for the court" appear nowhere in the Rules.

Id. at 371-72.

We have regularly admonished ourselves to apply the proper standard of review, and that an appellate panel is not entitled to "reverse the finding of the trier of fact simply because it is convinced that it would have decided the case differently." *Anderson v. Bessemer City*, 470 U.S. 564, 573 (1985). The reason is self-explanatory when, as in the case here appealed, the appellate tribunal did not hear the testimony, observe the witnesses, see the demonstrations, listen to explanations of the prior art and the claims, learn what was the state of this art at the time in question, or analyze the long-felt need and commercial impact. Appellate briefs and selections from the record can not duplicate the events of trial.

Heretofore this court has respected the constitutionally protected tradition of jury trial. Indeed, were the court in doubt, any doubt must be resolved in favor of the jury tradition:

> Maintenance of the jury as a fact-finding body is of such importance and occupies so firm a place in our history and jurisprudence that any seeming curtailment of the right to a jury trial should be scrutinized with the utmost care.

Dimick v. Schiedt, 293 U.S. 474, 486 (1935).

In stark contrast is the ruling now offered, contravening all of these decisions, holding that when the facts are "established," "the trial court's conclusion on obviousness is subject to full and independent review by this court", op. at 10; the jury verdict is disregarded, for "it is not the function of the jury to pick and choose among established facts relating to obviousness". Op. at 12. This holding can not be squared with protected jury verdicts. It also violates Supreme Court precedent, as I shall discuss in Part II, *post*.

In the case before us the panel majority does not mention the jury instructions, or whether a reasonable jury could have reached the verdict of unobviousness it here reached, or whether there was substantial evidence before the jury to support its verdict of unobviousness. Nor does the panel majority discuss what facts the jury is presumed to have found, holding instead that "the facts" are undisputed on appeal. The panel majority thus has analyzed the prior art afresh, found the differences from the patented invention, used the district court's finding of the level of ordinary skill, and stated that it gives no weight to the evidence of long-felt need and commercial success; all entirely independent of the jury.

Discarded is the presumption that the jury considered the evidence before it, see *DMI, Inc. v. Deere & Co.*, 802 F.2d at 425, 231 USPQ at 279:

> [The jury's] answer . . . on obviousness must, in light of the instructions it received [on the *Graham* factors], be taken as establishing that the jury considered them.

and discarded in the reasonable jury/substantial evidence standard of review of the jury's verdict. Our precedent, which has uniformly authorized litigants to take the issue of obviousness to a jury of citizens, is contravened.

II The Constitutional Issue

The Seventh Amendment[2] right to jury trial, and to jury verdict that receives the deference normally due to jury verdicts, derives from the traditional right to trial of the issue at common law. Where this right exists it may not be taken away by a court, even indirectly—such as by relabeling a traditional jury question as one of pure law, severed from its factual components; or by allowing the jury to find historical facts while removing from the jury the verdict on the ultimate question. The Supreme Court stated in *Walker v. New Mexico & So. Pac. R. Co.*, 165 U.S. 593, 596 (1897):

> The Seventh Amendment . . . requires that questions of fact in common law actions shall be settled by a jury, and that the court shall not assume directly or indirectly to take from the jury or to itself such prerogative.

The Court has frequently reinforced this fundamental right.

The Seventh Amendment preserves the right to jury trial of issues that were decided by jury at English com-

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[2] The Seventh Amendment states:

> The Suits at common law, where the value in controversy shall exceed twenty dollars, the right of trial by jury shall be preserved, and no fact tried by a jury shall be otherwise reexamined in any Court of the United States, than according to the rules of the common law.

mon law at the time the amendment was adopted in 1791. *Dimick v. Schiedt*, 293 U.S. 474, 476 (1935); Fleming, *Right to a Jury Trial in Civil Actions*, 72 Yale L. J. 655, 655 (1963). In considering applicability of the Seventh Amendment we need not resolve whether the question of unobviousness, in modern analysis, should be classified as a question of fact or law or any combination thereof; we determine only whether its jury determination partakes of constitutional protection.

Pre-1791 English patent jury cases treated the issue of invention as one of fact for the jury. *See, e.g., Bramah v. Hardcastle*, King's Bench, N.P., Trin. T., 1789:

> His lordship concluded with telling the jury the patent was void, the invention not being new; and that they should find a verdict for the defendant.
>
> Verdict was given for the plaintiff, however, and was not disturbed.

Rex v. Arkwright, King's Bench, N.P., June 25, 1785:

> Butler, J.: Gentlemen of the jury: . . . As to the other points, there are two: first, whether it is a new invention . . . . [I]n the case of an invention many parts of a machine may have been known before, yet if there be anything material and new which is an improvement of the trade, that will be sufficient to support a patent . . . .

Arkwright v. Nightingale, Common Pleas, N.P., Feb. 17, 1785 (charge to jury discussing requirements for patentability); *Morris v. Bramson*, King's Bench, N.P., 1776 (jury trial of an action for infringement, including defense that the patent "was only for an addition to an old machine.")

The continuing right to a jury trial was implemented in the United States. Patent cases were tried at law to a jury when damages were requested, and at equity to the

court when injunction or other equitable relief was requested. In the quite large number of reported actions at law, juries gave verdicts on questions of patent validity, including novelty, invention, prior use or sale, derivation, and sufficiency of disclosure, as well as on infringement and damages; all questions that arose, and still arise, in patent cases.[3]

There is an overwhelming volume of precedent holding that the issues of invention (as unobviousness was called before 1952) and novelty (often used to include invention, *see* Curtis, *Law of Patents* (4th ed. 1873) § 445) are questions for the jury. *See, e.g.,* the following Supreme Court cases (citations and footnotes omitted):

Hotchkiss v. Greenwood, 52 U.S. (11 How.) 248, 264-65, 267 (1851):

> The court . . . [properly] charged the jury that, if [inter alia] no more ingenuity or skill [was] required to construct the knob in this way than that possessed by an ordinary mechanic acquainted with the business, the patent was invalid, and the plaintiffs were not entitled to a verdict.
>
> . . . .

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[3] This court has regularly affirmed the right to jury trial on such issues, although they have been labeled as questions of "law". *See, e.g., Spectra-Physics, Inc. v. Coherent, Inc.*, 827 F.2d 1524, 1533, 3 USPQ2d 1737, 1743 (Fed. Cir.), *cert. denied*, 108 S. Ct. 346 (1987) ("The court may submit legal issues such as enablement to the jury under Rule 49(a), but if it does, the court may not make subsequent findings which overrule an implicit and inherent finding of the jury"); *Shatterproof Glass Corp. v. Libbey-Owens Ford Co.*, 758 F.2d 613, 623, 225 USPQ 634, 640 (Fed. Cir.), *cert. dismissed*, 474 U.S. 976 (1985) (question of on sale resolved by jury); *Allen Organ Company v. Kimball Int'l, Inc.*, 839 F.2d 1556, 1558, 1566, 5 USPQ2d 1769, 1770-71, 1777 (Fed. Cir. 1988) (questions of on sale, public use, and enablement resolved by jury).

> Now if the foregoing view of the improvement claimed in this patent be correct, it is quite apparent that there was no error in the submission of the questions presented at the trial to the jury . . . .

Battin v. Taggert, 58 U.S. (17 How.) 74, 85 (1854):

> The jury are also to judge of the novelty of the invention . . . .

Turrill v. Railroad Co., 68 U.S. (1 Wall.) 491, 512 (1863):

> [T]here was an important question of fact which should have been left to the jury, whether . . . any of the prior movable press-blocks, as is shown in the admission, were substantially the same as the machine of the patentee. American authorities, at least, hold that every such question is one for the jury . . . .

Bischoff v. Wethered, 76 U.S. (9 Wall.) 812, 814-15 (1869):

> [In] all such cases [where court sets verdict aside as against the weight of evidence] the question would still be treated as a question of fact for the jury and not as a question of law for the court. And under this rule of practice, counsel would not have the right to require the court, as matter of law, to pronounce upon the identity or diversity of the several inventions described in the patents produced. Such, we think, has been the prevailing rule in this country, and we see no sufficient reason for changing it.

Stimpson v. Woodman, 77 U.S. (10 Wall.) 117, 125 (1869) (Clifford, J., dissenting):

> [B]ut the question whether a particular invention is new and useful, or whether it did require any invention to produce it, as compared with what existed before, are everywhere admitted to be

> questions of fact for the jury, and certainly no such question is open here for the determination of this court under this bill of exceptions.

Tucker v. Spalding, 80 U.S. (13 Wall.) 453, 455 (1871):

> Whatever may be our personal opinions of the fitness of the jury as a tribunal to determine the diversity or identity in principle of two mechanical instruments . . . that question must be submitted to the jury, if there is so much resemblance as raises the question at all. And though the principles by which the question must be decided may be very largely propositions of law, it still remains the essential nature of the jury trial that while the court may on this mixed question of law and fact, lay down to the jury that law which should govern them, so as to guide them to truth, and guard them against error, and may, if they disregard instructions, set aside their verdict, the ultimate response to the question must come from the jury.

Keyes v. Grant, 118 U.S. 25, 36-37 (1886):

> [Whether differences from the prior art] would not require the exercise of the faculty of invention, but would be suggested by the skill of an experienced workman . . . . was a question of fact properly to be left for determination to the jury, under suitable instructions from the court upon the rules of law, which should guide them to their verdict. And there was evidence upon both sides of the issue sufficient to require that it should be weighed and considered by the jury in the determination of the question . . . .

Adams v. Bellaire Stamping Co., 141 U.S. 539, 541-42 (1891):

> On the trial special questions were submitted to the jury, and they found [inter alia] that the Irwin patent disclosed no improvement which required invention as distinguished from mere mechanical skill or judgment . . . .

Thomson Spot Welder Co. v. Ford Motor Co., 265 U.S. 445, 446 (1924):

> The question whether an improvement requires mere mechanical skill or the exercise of the faculty of invention, is one of fact; and in an action at law for infringement is to be left to the determination of the jury.

The Supreme Court has recognized the role of the directed verdict as appropriate in patent as in other jury trials, when the criteria are met; *e.g., Heald v. Rice*, 104 U.S. 737, 749 (1881); *Fond du Lac County v. May*, 137 U.S. 395, 403 (1890); *Market Street Cable Ry. Co. v. Rowley*, 155 U.S. 621, 625 (1895); *Singer Mfg. Co. v. Cramer*, 192 U.S. 265, 275 (1904).

The Court has also referred to the complexity of these jury questions, and defined them as questions of ultimate fact on which depends the question of legal liability:

United States v. Esnault-Pelterie, 299 U.S. 201, 205 (1936):

> Validity and infringement are ultimate facts on which depends the question of liability. In actions at law they are to be decided by the jury. If the evidence is not sufficient to establish validity and infringement, it is the duty of the trial court to direct a verdict for defendant.

United Gas Public Service Co. v. Texas, 303 U.S. 123, 140 (1938):

> Cases at law triable by a jury in the federal courts often involve most difficult and complex

> questions, as, for example, in patent cases at law presenting issues of validity and infringement.

The Supreme Court unequivocally established that when the question of invention has been placed at issue and tried to a jury, neither the trial court nor any appellate court decides the question of validity or infringement *de novo*, independent of the jury verdict. The courts have no power to remove the constitutionally protected benefits of a jury trial.

The district and circuit courts implemented the general rule that invention, in actions at law, is determined by the jury. The rare exception points up the great weight of this jurisprudence. A representative sampling includes: *Hall v. Wiles*, 11 F. Cas. 280, 283 (S.D.N.Y. 1851) (No. 5954) ("The question of whether the patented carriage is a new improvement is one of fact . . . and, except that there are some legal principles bearing on the question of fact, and as to which the court may aid you, it is a question which must be determined by the good sense and sound judgment of the jury"); *Poppenhusen v. Falke*, 19 F. Cas. 1052, 1054 (S.D.N.Y. 1862) (No. 11, 280) ("the question whether [the patented device] required invention or not, was one to be submitted to the jury"); *Holmes v. Truman*, 67 F. 542, 543 (9th Cir. 1895) (trial court correctly refused to instruct the jury that there was no invention in the plaintiffs' cart).

See also Heide v. Panoulias, 188 F. 914, 917 (2nd Cir. 1911) ("the trial judge would have committed error, had he decided these questions of validity and infringement, instead of sending them to the jury"); *Fountain Electric Floor Box Corp. v. Trustees of Masonic Hall and Asylum Fund*, 210 F. 169, 171-72 (S.D.N.Y. 1913) (jury finding of invention depends on the language and meaning and construction of a number of patents and the varying evidence of experts); *General Motors Corp. v. California Research Corp.*, 9 F.R.D. 565, 567, 83 USPQ 282, 283-84 (D. Del. 1949) (validity and infringement are clearly ultimate facts

and may be determined by a jury); *Reynolds-Southwestern Corp. v. Dresser Industries, Inc.*, 372 F.2d 592, 595, 152 USPQ 530, 532 (5th Cir. 1967) (validity and infringement are ultimate facts, to be decided by the jury. If the evidence is not sufficient to establish validity and infringement, the trial court must direct a verdict for the defendant.)

The contrary view, espoused by the panel majority, found a rare adherent, *see Prepayment Car Sales Co. v. Orange County Traction Co.*, 221 F. 939, 941 (2d Cir.), *cert. denied*, 238 U.S. 626 (1915) (where no controversy on the prior art or the meaning of the claims, the question of invention becomes one of law for the court); *Swofford v. B & W, Inc.*, 395 F.2d 362, 364-68, 158 USPQ 72, 76 (5th Cir.), *cert. denied*, 393 U.S. 935 (1968) (obviousness is a question of law, subject to *de novo* determination by the trial judge, independent of the jury verdict).

In 1952 the three basic conditions of patentability were codified in three separate sections of Title 35—the requirement of utility in Section 101, the requirement of novelty in Section 102, and the requirement of non-obviousness in Section 103. Codification does not, of course, supersede the Seventh Amendment. The Supreme Court in *Graham v. John Deere Co.*, 383 U.S. 1, 148 USPQ 459 (1966), a non-jury trial, recognized that these requirements have existed since the adoption of the Constitution. The Court wrote:

> Innovation, advancement, and things which add to the sum of useful knowledge are inherent requisites in a patent system which by constitutional command must "promote the Progress of . . . useful Arts." This is the *standard* expressed in the Constitution and it may not be ignored. [Emphasis in original].

383 U.S. at 6, 148 USPQ at 462. The Federal Circuit early made clear our respect for Supreme Court and constitu-

tional mandate, reaffirming that it is not error to submit the question of obviousness, among other patent issues, for jury verdict; *see* Part I, *ante*.

It is not available to two judges of this court to overrule two centuries of constitutional right, simply by redefining a protected jury question as one of pure law independent of its factual components, proposing thereby to remove the question from jury verdict. In the case at bar, the litigants have the right to have the question of obviousness decided by the jury, and to have the jury verdict reviewed on the established substantial evidence/reasonable jury standard. That right has been denied by the panel majority, who instead applied their new standard of review and, on that standard, found the Ferguson patent invalid for obviousness.[4]

III The Proposed Reclassification of Unobviousness as a Question of Pure Law

The justification for the panel majority's "plenary" determination of a question that was tried to and decided by the jury is that the question of obviousness is one of pure law, severable from, and severed from, its factual components. Holding that the jury can not "pick and choose among established facts," op. at 12, the panel majority has analyzed the prior art, determined the differences, evaluated the objective evidence, weighed its significance, and then decided the question of obviousness as a matter of "law".

This classification depends for its sole authority on our cases reviewing bench trials, not jury trials. Thus our holding in *Panuit Corp. v. Dennison Mfg. Co.*, 810 F.2d 1561, 1566-68, 1 USPQ2d 1593, 1595-97 (Fed. Cir.), *cert. denied*,

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[4] The rule of the Federal Circuit is that we are bound by our prior decisions until they are overruled by a majority of the active judges sitting *in banc*. This court *in banc* declined to adopt the position of the panel majority.

107 S. Ct. 2187 (1987), a bench trial, is discovered to present a conflict with our lengthy precedent governing review of jury verdicts, a conflict said to be reconcilable only if the jury verdict is stripped of its authority.

As I shall discuss, it is not controlling whether unobviousness is most precisely designated as a question of law based on underlying facts, as the Federal Circuit prefers, or as a question of ultimate fact based on historical facts, as the commentators like to call such mixed questions of law and fact.[5] The right to jury trial of the question is protected by the Seventh Amendment, and does not lose this protection by changing the label.

Scholars have pointed out that the law/fact distinction is both difficult and unnecessary to make in the context of a jury verdict, for the jury necessarily applies law to facts. 1 S. Childress and M. Davis, *Standards of Review*, p. 194 (1986) [hereinafter *Childress*]:

> [T]he point is that submitting the case to the jurors means that they necessarily apply law as they find facts, and in that function something of a lawmaking process develops that belies a simple breakdown of fact as the jury's turf while law belongs to judges.

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[5] Note the comment in *Armour & Co. v. Wilson & Co.*, 274 F.2d 143, 155, 124 USPQ 115, 124-25 (7th Cir. 1960):

> We have come to speak of questions of "facts", "primary facts", "subsidiary facts", "evidentiary facts", "ultimate facts", "physical facts", "documentary facts," "oral evidence," "inferences," "reasonable inferences," "findings of fact," "conclusions," "conclusions of law," "questions of fact," "questions of law," "mixed questions of law and fact," "correct criteria of law," and so on *ad infinitum*. The simple answer is that we are all too frequently dealing in semantics, and our choice of words does not always reflect the magic we would prefer to ascribe to them. [Footnote omitted]

Indeed, the Federal Circuit early recognized the point. In *Railroad Dynamics*, 727 F.2d at 1514-15, 220 USPQ at 937, the court stated:

> [A] jury necessarily reaches a legal conclusion, presumably in accord with the judge's instructions on the law, before it reaches its general verdict. Moreover, it is idle to speak of the jury solely as fact finder, so long as instructions on the law and general verdicts remain elements of a jury trial.
>
> When and if Rules 49, 50, and 51, Fed. R. Civ. P., are repealed, there may be room for the restriction of juries to a fact finding role and for prohibition of general verdicts in patent or other types of jury trials. Until that day, a prohibition of general verdicts (and disregard of the findings and legal conclusions a jury must make in reaching those verdicts) cannot be accomplished by judicial fiat.

This practice of the Federal Circuit has been in full harmony with appellate treatment of jury trials of complex issues. As *Louis, infra*, summarizes it, categories variously referred to as "application of the law to the facts" or "ultimate facts" do not thereby change their entitlement to jury verdict and to appropriate deference on review:

> Ultimate facts going to the merits are usually reviewed [from jury verdicts] narrowly and deferentially like questions of historical fact even when the underlying historical facts are not in dispute. Indeed, with the exception of a few specific substantive areas like constitutional and contract or commerical law, mixed questions going to the merits are almost presumptively classified as question of fact, assigned to the jury, and reviewed narrowly on appeal from any fact finder.

M.B. Louis, *Allocating Adjudicative Decision Making Authority between the Trial and Appellate Levels: A Unified View of the Scope of Review, The Judge/Jury Question, and Procedural Discretion*, 64 N.C. L. Rev. 993, 1003-04 (1986) [herein *Louis*]. *See also* Thayer, *"Law and Fact" in Jury Trials*, 4 Harv. L. Rev. 147, 169 (1890).

A. The Law of 35 U.S.C. § 103

"Law" is a body of general principles and rules, predicated in advance, awaiting application to particular facts as may arise. S. Weiner, *The Civil Jury Trial and the Law-Fact Distinction*, 64 Calif. L. Rev. 1867, 1869 (1966). Law does not deal with the circumstances of a particular situation; it announces what is to be the rule in all cases. F. Bohlen, *Mixed Questions of Law and Fact*, 72 U. Penn. L. Rev. 111, 112 (1924). *See* R. Brown, *Fact and Law in Judicial Review*, 56 Harv. L. Rev. 899, 901 (1943):

> Questions of law, therefore, are those which are concerned with " . . . the inquiry whether there be any such rule or standard, the determination of the exact meaning and scope of it, the definition of its terms, and the settlement of incidental questions, such as the conformity of it, in the mode of its enactment, with the requirements of a written constitution".

(quoting Thayer, *A Preliminary Treatise on Evidence* 193 (1898)).

The law of obviousness, the general rule in all cases, is set in 35 U.S.C. § 103:

> **§103. Conditions for patentability; non-obvious subject matter.**
>
> A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to

> be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made.

The rule of Section 103 has been elaborated by the courts, as a matter of judge-made law. For example, the courts have established the rule that synergism is not a requirement for unobviousness of combination inventions; the rule that a structurally obvious chemical compound that exhibits unexpected properties may be deemed unobvious; the rule that objective indicia must be considered along with the other *Graham* factors; all these rules comprising a common law of unobviousness.

But these rules do not establish how the evidence as to any specific case will be weighed, or which technological or commerical facts will support a ruling of unobviousness and which will not. The conclusion of unobviousness *vel non* is not dictated as a matter of law; it is reached by weighing and evaluating the facts of the particular case. We have long recognized the fact-dependency of obviousness determinations. *See, e.g., In re Durden*, 763 F.2d 1406, 1410, 226 USPQ 359, 361 (Fed. Cir. 1985):

> We reiterate another principle followed in obviousness issue cases, which is to decide each case on the basis of its own particular fact situation. What we or our predecessors may have said in discussing different fact situations is not to be taken as having universal application.

The conclusion is not severable from the underlying facts of the particular case, but is determined by the weighing and evaluation of these facts *by the trier of fact*, through the eye of the person that the trier of fact has found to be of ordinary skill in the technology.

Misperception of this process may have arisen because the evidence in obviousness determinations is often documentary prior art whose existence is unchallenged: often readable by judges, usually included in appellate records. Although credibility of documentary evidence is not often at issue, the corollary for technological information is its evaluation and weight; along with all other evidence. *See Richdel, Inc. v. Sunspool Corp.*, 714 F.2d 1573, 1580, 219 USPQ 8, 12 (Fed. Cir. 1983) ("The issue is the obviousness of the *claimed invention*, and that issue can be resolved only after *all* relevant evidence of nonobviousness, including so-called 'secondary considerations' if any, has been taken into account.") (Emphasis original). Even when the existence of the prior art is undisputed, the weighing of the evidentiary factors may be highly disputed, as in the case at bar. The weight of these factors is not severable from the factors themselves, and is not assigned to a different decision-maker. See the discussion in *Louis, supra*, at 1033, of "the virtually settled rule that mixed questions cannot be taken from the jury simply because the historical facts are not in dispute".

The jury applies the law of unobviousness, on which it has been instructed by the court, to all the evidence, in light of the burden of proof, and determines the ultimate question of whether the requirements of Section 103 are met. Thereafter, in accord with Federal Circuit precedent:

> Appellate review of the jury verdict is limited to whether the applicable legal principles were identified and applied correctly and whether the findings of ultimate fact exceed the limits of reasonableness.

Louis, supra, at 999.

The question of sufficiency of the evidence may be raised on motion for directed verdict, and the trial court may decide that as a matter of law the evidence is insufficient to create an issue for resolution by the jury, when all

inferences are drawn in favor of the non-movant. 9 Wright & Miller, *Federal Practice & Procedure: Civil* § 2524 (1971). *See generally* W. Blume, *Origin and Development of the Directed Verdict*, 48 Mich. L.Rev. 555 (1950). *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 251-52 (1986):

> the inquiry under each [motion for summary judgment and for directed verdict] is the same: whether the evidence presents a sufficient disagreement to require submission to a jury or whether it is so one-sided that one party must prevail as a matter of law.

The panel majority appears to confuse the question of sufficiency of evidence, which is a matter of law, with the status of the ultimate question, which may be historical fact, or ultimate fact based on historical fact, or a mixed law-fact question of various labels.

B. Bench Trials and Jury Trials

Courts and commentators generally have rejected proposals that modern juries should be limited to special verdicts of narrow historical facts and denied the verdict on the ultimate question. As discussed in *Childress* with respect to the question of negligence, it is the trier of fact who has seen the evidence and heard the witnesses and determined who is the "ordinary person", and is best capable of determining what such a person would have done or should reasonably have done in the specific situation that existed. *Childress, supra*, at 141:

> Treating negligence as fact is the usual course even among courts that call it a mixed law-fact issue apparently recognizing that whatever the policies supporting deference, negligence presents a classic example of applying a legal standard, normally reasonableness, to established facts in determining a conclusion of legal liability.

The Supreme Court has made plain that it is the jury that applies the legal standard of reasonableness. *See, e.g., Wilkerson v. McCarthy*, 336 U.S. 53, 62 (1949):

> We see no reason, so long as the jury system is the law of the land, and the jury is made the tribunal to decide disputed questions of fact, why it should not decide such questions as these [negligence] as well as others.

(quoting *Jones v. East Tennesee R. Co.*, 128 U.S. 443, 445 (1888)).

Precedent illustrates the analogous application, by the jury, of the legal standard of the person of ordinary skill to the facts of the prior art. *See* Parts I and II, *ante*. Whether classified as mixed law-fact, as law based on fact, or as ultimate fact, the question of unobviousness may be decided by the jury. When so decided, it is reviewed on the usual reasonable juror/substantial evidence standard.[6]

The panel majority's proposed "full and independent" determination of the question of unobviousness does no damage if applied to review of a bench trial, wherein the district court's decision is accompanied by the detailed findings and conclusions of Rule 52(a). *Childress, supra*, at 194 explains that a judge's ruling after a bench trial involving interdependent questions of law and fact may indeed be reviewed more freely than a jury's verdict on the same issue:

> That application of law to facts is the jury's job, and on appeal it is generally not questioned in the same way that a judge's findings on a bench trial appeal, under Federal Rule of Civil Proce-

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[6] The only exception to the normal deference on review of jury verdicts appears to be the emerging category of "constitutional fact", discussed in *Bose Corp. v. Consumers Union of United States*, 466 U.S. 485, (1984), in the context of First Amendment libel and defamation suits. *See Louis, supra*, at 1029-32; *Childress, supra*, § 2.19.

> dure 52(a), might be called *mixed law-fact* and then split into the component parts, with the law part going more freely to the reviewing court. In this way the law-fact issue in jury trials is more a process than a rude dichotomy.
>
> In the process some issues called mixed law-fact in bench trials—and often reviewed more freely there—are unquestionably submitted to the jury. Negligence is the classic example . . . . [Emphasis in original, footnote omitted]

The standard of review of the jury verdict does not lose its requisite deference merely because a bench trial would be reviewed more freely.

> Neither Constitution nor statutes preclude the courts from applying different rules to the findings of fact of trial judges from those applied to the findings of juries . . . .

Stern, *Review of Findings of Administrators, Judges and Juries: A Comparative Analysis*, 58 Harv. L. Rev. 70, 83, 86 (1944).

Thus the traditional role of the jury in patent cases was undisturbed by our holding in *Panduit Corp.*, 810 F.2d at 1566-68, 1 USPQ2d at 1595-97, that unobviousness is a conclusion of law based on facts. *Panduit* did not eliminate decision of the ultimate question of obviousness by jury verdict, or change the standard of appellate review. Indeed, to hold otherwise would place us in direct conflict with the Seventh Amendment: a situation not intended by this court.

C. The Better Administration of Justice

The Supreme Court has reemphasized the special role of the trier of fact as being in the better position to decide questions that have been fully explored by the trial process. The Court discussed the importance of the sound

administration of justice, in deciding which tribunal is better positioned to decide mixed questions of law and fact. *Pierce v. Underwood*, 108 S. Ct. 2541, 2547 (1988):

> We recently observed, with regard to the problem of determining whether mixed questions of law and fact are to be treated as questions of law or of fact for purposes of appellate review, that sometimes the decision "has turned on a determination that, as a matter of the sound administration of justice, one judicial actor is better positioned than another to decide the issue in question." *Miller v. Fenton*, 474 U.S. 104, 114 (1985).

Even if an appellate court could give adequate attention to a case that occupied weeks or months of trial time, it can not be preferable to require "full and independent" redetermination by trial and appellate judges of the question that the jury decided. The principle of granting a certain deference on review of a jury's verdict is founded in practicality as well as logic.

In all events, however the question of obviousness is classified, there is an inalienable right to jury trial of the issue. The panel majority holds, again generating conflict with our own precedent, that the Federal Rules do not permit asking the jury the question of unobviousness. While the procedural rules have changed over the years since 1791, the constitution continues to protect the substantive right to a jury trial on protected issues.

> The "right," which is secured by the Seventh Amendment is not a matter of procedure but of substance, and one possessing such right cannot be deprived of it by any means short of an amendment to the Constitution.

Minneapolis & St. Louis R.R. Co. v. Bombolis, 241 U.S. 211, 213 (1916). Rule 49 is not a vehicle for defeating a constitutionally protected right to jury trial.

I have not discussed the pertinence to patent litigation of the deep-seated faith that free peoples place in the jury system. *See, e.g.*, Hill, *The Right to a Jury Trial in Complex Litigation*, in "1980 Patent Law Annual; The Southwestern Legal Foundation", New York, Matthew Bender, 1980, 261, 275:

> . . . we should be careful that we do not materially trespass on perhaps the most outstanding feature of the jury system—the right of our citizens through the system to inject their common sense of justice into our judicial decisions, which can and often do affect the jurors' daily lives as well as those of the litigants. Every alternative should be fully explored before disenfranchising a litigant's cherished right to a jury trial and our citizens' right to have a part in making the law which governs them.

It is this right that was secured by the Seventh Amendment. It is not ours to defeat.

IV The Presumption of Validity

I must also dissent from the panel majority's rejection of the presumption of validity in obviousness determinations. The majority holds that only "the disputed facts underlying the legal conclusion must be established by clear and convincing evidence, not the ultimate legal conclusion of obviousness itself." Op. at 24.

The requirement of clear and convincing evidence of invalidity is grounded on the statutory presumption of validity, 35 U.S.C. § 282. The presumption arises from the Patent Office's final decision to grant the patent: the examination that not only finds the prior art, but weighs and evaluates the technological and objective evidence, based on scientific experience and legal expertise. *American Hoist & Derrick*, 725 F.2d at 1358-59, 220 USPQ at 770. Included in the examination is review of all eviden-

tiary factors pertinent to 35 U.S.C. § 103. Thus the presumption is based not only on the identification of prior art and the differences from the claimed invention, but on the administrative decision of unobviousness. It is curious indeed to hold that only the former administrative actions are entitled to its benefit, accepting the expertise of the examiner as searcher but not as evaluator.

The question of obviousness is the most frequently litigated argument for patent invalidity. *See* Note: *A Proposal to View Patent Claim Nonobviousness From the Policy Perspective of Federal Rule of Civil Procedure 52(a)*, 20 Mich. J.L. Ref. 1157, 1158-59 (1987) (citing 3 Chisum, Patents § 11.06 [3][c] at 11-102). The evidentiary burden of clear and convincing evidence has been imposed in literally hundreds of decisions, based on Federal Circuit requirement. The panel majority, by undertaking for itself to determine unobviousness in the first instance, simply places the appellate tribunal in the role of patent examiner, bringing the judges' technological and scientific expertise to bear, giving no deference to that of the patent examiner.

In the case before us, the jury was instructed that Kenney had the burden of proving invalidity of the Ferguson patent by clear and convincing evidence. By changing the weight of this burden, the panel majority creates another conflict with our precedent.

V Validity of the Ferguson '770 Patent

The verdict here at issue, wherein the jury held that the Ferguson '770 patent had not been proved invalid, must be reviewed on the established standard, for the court has not *in banc* changed the law governing appellate review of jury verdicts.

On a party's motion for judgment n.o.v. (or for directed verdict, as here), the trial judge may grant the motion

> only when, without weighing the credibility of the evidence, there can be but one reasonable conclusion as to the proper judgment;

and in doing so the court

> must view the evidence in the light and with all reasonable inferences most favorable to the party who secured the jury verdict.

5A *Moore's Federal Practice* ¶ 50.07[2] at 50-64, 50-70 (1987) (footnotes omitted). That standard is not followed in the "full and independent" review undertaken by the panel majority. When the correct standard is used, the jury verdict is sustained.

This litigation, reported at *Newell Companies, Inc. v. Kenney Mfg. Co.*, 606 F. Supp. 1282, 226 USPQ 157 (D. R.I. 1985), is about commerical rights to the do-it-yourself-without-tools window shade: a device of solid practicality. The jury was advised—as may have been common knowledge—that the previous way of obtaining window shades was to take your measurements to a hardware store where a clerk would saw, cut, glue, and staple the components to fit your measurements; the customer often returning to the store for a repeat attempt. The district court stated: "Until the time of the claimed invention, store-cut shades were the state of the art." *Id.* at 1286, 226 USPQ at 158. Newell found a way to avoid all this: a simple way; a new way, as Kenney has acknowledged.

The Ferguson invention is not a feat of engineering. It is a simple kit whereby a householder, without tools, can easily fit a shade to his/her own window, of any width and height. It was a smashing success. It bumped from the shelves of K-Mart the entire paraphernalia that householders had previously been condemned to. And the manufacturers of that paraphernalia, having once rejected Ferguson's invitation to make the do-it-yourself-without-

tools product, rushed to copy it. *Id.* at 1286-7, 226 USPQ at 159.

The scope of the patent claims is quite narrow. They are not simply to a combination of old shade and old roller, but to a detailed, specific, novel combination of all the elements of a shade that is "width adjustable and installable by the consumer without the use of tools or cutting elements."

The a claimed invention is simple, easy to understand, or a narrow technological advance, does not foreclose patentability. *Goodyear Tire & Rubber Co. v. Ray-O-Vac Co.*, 321 U.S. 275, 279 (1944); *Panduit Corp. v. Dennison Mfg. Co.*, 810 F.2d 1561, 1572, 1 USPQ2d 1593, 1600 (Fed. Cir.), *cert. denied*, 107 S. Ct. 2187 (1987) ("Though technology has burgeoned, the patent system is not limited to sophisticated technologies . . . difficult for judges to understand and foreclosed to those who make less mysterious inventions a judge can understand").

The question before the jury was whether Kenney had proved, by clear and convincing evidence, that the claimed combination would have been obvious to a person of ordinary skill in that field. The jury answered the question "No".

The jury may have given substantial weight to the objective indicia of commerical success, copying, long-felt need, and failure of others, for these aspects in this case were of exceptional force. Such indicia, reflecting the contemporaneous reaction of those affected by the invention, give counterweight to judicial hindsight. *Graham v. John Deere Co.*, 383 U.S. 1, 36, 148 USPQ 459, 474 (1966) (quoting *Monroe Auto Equipment Co. v. Heckethorn Mfg. & Sup. Co.*, 332 F.2d 406, 412, 141 USPQ 549, 555 (6th Cir. 1964)):

> [Objective indicia] may also serve to "guard against slipping into use of hindsight," and to

> resist the temptation to read into the prior art the teachings of the invention in issue. [Citation omitted]

The speed with which this industry, that the district court described as "sluggish", moved to copy the Ferguson shade, when its commercial value became apparent, may have been significant to the jury.

The district court granted Kenney's motion for directed verdict, and held the claims invalid for obviousness. We as the appellate tribunal do not decide independently whether the window shade was obvious or unobvious: we decided only whether a reasonable jury could have reached the verdict that was reached, in accordance with the established standard of review of jury verdicts. Thus I have reviewed whether a reasonable jury could have reached the verict that invalidity of the '770 patent had not been proved by clear and convincing evidence, and I have reached a conclusion contrary to that of the panel majority—their conclusion being based on their new standard of independent determination of the issue on the prior art.

The Trial

The jury trial took nine days. The trial judge correctly instructed the jury as to the law of 35 U.S.C. § 103, with thorough explanation of what factors the law required the jury to consider.

The following extracts from the multi-page instructions show the care with which the jury was instructed:

Obviousness

> There are three tests which must be considered in determining whether an invention is obvious:
>
> 1. What was known in the field of window shade manufacture and design at the time the invention was made;

2. How the claim you are considering is different from what was known in the field of window shade manufacture and design at the time the invention was made, and

3. The level of ordinary skill in the making of window shades.

In addition to the three tests of obviousness you should consider evidence of the following factors in your determination of obviousness:

1. Commercial success or lack thereof;

2. Long felt but unfulfilled need for the product; and

3. Failure of others to develop the product.

Obviousness is not determined by the use of hindsight, the fact that something seems simple to you now does not mean that it was simple at the time it was invented. You must decide the issue of obviousness solely on the basis of what was known by a person with ordinary skill in the art of making window shades at the time of the invention. You must not decide this issue on the basis of what you know now; that is, on the basis of hindsight.

The court instructed the jury concerning the meaning and application of the *Graham* factors. Illustrative of the instructions concerning the *Graham* factors are the detailed instructions as to the level of skill:

In determining the level of ordinary skill in the art, you should first determine whether there was a number of people who regularly worked to solve the type of problem that the invention solved, and, if so, determine the level of ordinary skill of such people at the time the invention was made. You must consider the level of skill as to

> the time the invention was made. Among the factors that may be considered in your determination are:
>
> (1) The various ways that others sought to solve the problems existing;
>
> (2) The types of problems encountered;
>
> (3) The rapidity with which new inventions are made in this art;
>
> (4) The sophistication of the technology involved; and
>
> (5) The educational background of those actively working in the field.

Neither party has asserted that there was error in the law that the jury was told to apply, including the question presented of whether the defendant

> has proven by clear and convincing evidence that any of the claims of plaintiff's '770 patent are invalid because they are obvious . . .
>
> If yes, list claim numbers . . . .

We do not decide whether the trial judge, or an appellate tribunal, could reasonably have reached the independent conclusion that the claims were invalid for obviousness. *Lavender v. Kurn*, 327 U.S. 645, 653 (1946) (it is "immaterial that the court might draw a contrary inference or feel that another conclusion is more reasonable"). The only question is whether a reasonable jury could have held, as this jury did, that the challenger Kenney had failed to show obviousness of any claims by clear and convincing evidence. *Perkin-Elmer Corp.*, 732 F.2d at 893, 221 USPQ at 673.

The evidence before the jury included the following:

Prior Art

The jury was told of the close prior art; that the Corcoran scored shade material was prior art and was acknowledged in the specification; and that adjustable-width rollers were part of the prior art. Witnesses explained to the jury that the Rice patent described a telescoping roller for use with standard (i.e. non-tearable) shade material, and that the Gossling '468 and Gossling '944 patents disclosed telescoping rollers to which a standard shade is affixed by various adhesive means.[7]

There was testimony that Ferguson made a new product; and Kenney's own expert witness Donofrio testified as to the differences between Ferguson's invention and the prior art. Witnesses also testified that none of the attachment means or adhesive means disclosed in the prior art was specifically adapted to adjusting and installing a shade without tools. See the trial testimony of Newell's expert witness Bushnell:

> Q. . . . how would you characterize Tom Ferguson's patent on his do it yourself without tools window shade?
>
> A. Well, this product apparently has no real antecedent. There was never a product from the testimony I've heard here today and from the prior patents I've seen, that had a roll up window shade that was able to be sized at home without the aid of tools.

Kenney's engineer Paul Comeau agreed that the Ferguson shade was "a very different shade" than he had seen. In

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[7] The panel majority emphasizes that "the Corcoran material and shade design . . . had *not* been considered by the PTO examiner" (emphasis in op.), a point on which there was no evidence whatsoever. Indeed, the district court stated that the material was disclosed in the specification, without Corcoran's name. *Newell*, 606 F. Supp. at 1293, 226 USPQ at 164.

its analysis, the district court agreed that "No item of prior art teaches a tear shade mounted on a telescoping roller by adhesive means." 606 F. Supp. at 1293, 226 USPQ at 164.

Prosecution History

It was explained to the jury that the examiner had twice rejected the claims, citing prior art references and also objecting that the claims as filed were too broad. The examiner would not allow the claims until they were amended to include the critical limitation that the shade assembly "is width adjustable and installable by the consumer without the use of tools or cutting elements".

Level of Skill

The parties agreed that this device did not require complex engineering skills. The district court found that "a technical background not necessarily amounting to a college degree in engineering" was the only reasonable jury finding on the level of skill, and concluded that:

> This person [of ordinary skill] would be capable of designing a shade such as the one described in Vincent Sordillo's memo.

Newell, 606 F. Supp. at 1294, 226 USPQ at 165. The district court was referring to a private memorandum of a Kenney employee. The court recognized that this memorandum was not part of the prior art, although the court apparently drew inferences adverse to Newell from this abandoned idea, and did not discuss whether the jury could have drawn other inferences, favorable to Newell, such as why a person "capable of designing a shade", in the district court's words, did not do so. *See Standard Oil Co. v. American Cyanamid Co.*, 774 F.2d 448, 454, 227 USPQ 293, 298 (Fed. Cir. 1985).

The jury may have given weight to the undisputed fact that despite the availability of the Corcoran shade material

and the other prior art, the accused infringer did not make this innovation, criticized its value, and then rushed to copy it.

Objective Indicia

The district court recognized the outstanding public acceptance of the claimed shade, but dismissed the considerable evidence of commerical success and copying, saying that "such copying does not equal nonobviousness of the claimed invention." Newell, 606 F. Supp. at 1296, 226 USPQ at 167. The record shows extensive, uncontradicted evidence before the jury, in many instances the testimony of Kenney's own witnesses, of commerical success, copying, long-felt need, and failure of others:

1. Commercial Success and Long-Felt Need

William Uecker, Senior Vice President for Kenney, testified that the market for window shades had been altered by this new shade, which he foresaw as taking half the window shade market:

> Q. Did you foresee any impact in the cut-in-store shades, for example, by virtue of this do-it-yourself shade?
>
> A. I saw that, and probably still do, that the market for stock window shades will end up about fifty percent of what we call the cut window shades and fifty percent of what we call the adjustable window shades.

John Donofrio, Kenney's design expert, agreed with the testimony of Uecker:

> Q. . . . Now do you agree, Mr. Donofrio, with the deposition testimony that was read in of Mr. Uecker, that Tom Ferguson's do it yourself without tools window shade was a significant step forward in the window shade art?

A. Yes.

Q. And do you agree with Mr. Uecker's testimony that there was really nothing like it before?

A. Yes.

G. Dickson Kenney, defendant's President, discussed the demand in the marketplace for the Newell shade, and Kenney's loss of customers:

> Q. Now, how did you first learn that, that there was this demand in the marketplace?
>
> A. Several companies had come to Kenney and requested that we develop a product similar on their behalf . . . And we were aware that there had been some limited, limited successes on the part of Newell and Clopay in switching certain customers from the so-called conventional shade to the size-at-home, and some of these people that switched early in the process were Kenney customers on other products.

Mr. Kenney testified that millions of dollars were involved. Mr. Wright, Operations Manager for Kenney, stated that a reason Kenney entered the do-it-yourself-without-tools window shade market was because K-Mart had switched to that product.

Mr. Fallin, the President of Newell's window shade furnishings division, stated that Ferguson's shade was "about as new as you could get at that time":

> Q. Would you describe Tom Ferguson's do it yourself without tools window shade as an improvement on what had gone before?
>
> A. Well, it was more than an improvement because it really changed the method of marketing this product line, so it was about as new as you could get at that time.

Fallin testified concerning the immediate success of the do-it-yourself shade:

> Well, from the very beginning, the product started selling. We had a success from the first test store and the sales continued to climb ever since. It's never peaked. It's been a real success story. . . .

Fallin, like Kenney's witnesses, testified to consumer demand and displacement of the prior art product:

> Q. Well, in light of that [total shade sales staying flat], can you explain why the sales of Mr. Ferguson's shade show an upward trend . . . from 1975, about 30,000 to 4 &1/2 million in 1983?
>
> . . . .
>
> A. Well, it has to be taking business from the cut in store shade because if the total units are fairly constant, and the Ferguson shade is increasing in numbers, the only place it could come from would be at the expense of the cut in store type product.

The district court gave no weight to the evidence of commercial impact; nor did the panel majority. Precedent requires that *all* the evidence, including the objective indicia, must be considered in determination of unobviousness. *See, e.g., Simmons Fastener Corp. v. Illinois Tool Works, Inc.*, 739 F.2d 1573, 1575, 222 USPQ 744, 746 (Fed. Cir. 1984), *cert. denied*, 471 U.S. 1085 (1985) ("evidence arising out of the so-called 'secondary considerations' must always when present be considered en route to a determination of obviousness.")

2. Copying

Ferguson testified about the interest shown in his invention, by buyers and competitors, at the January, 1976 House-wares Show in Chicago:

> A. Well, that was the first national introduction of the product, and it was a big booth. That's the largest show in our industry so that's where all the buyers come to see the new products, and we had a demonstration, and a large display, really introducing the product to everybody. The aisles were packed with people. It was the best I've ever seen for the demonstrations. During that time, the Clopay people spent quite a bit of time in our booth, actually even measuring the physical displays, trying to understand as much as they could about our product.

Uncontradicted evidence showing copying by six manufacturers (Kenney, Breneman, Graber, Clopay, Joanna-Western, and Stanley) appears throughout the record. The jury could have placed weight, in its determination of unobviousness, on this imitation by the entire window shade industry.

3. Failure by Others

The district court stated in its opinion:

> There was no evidence that others skilled in the art tried and failed to find a solution to the problems preventing in-home fitting of window shades once the Corcoran material was introduced.

Newell, 606 F. Supp. at 1294, 226 USPQ at 165. The record does not match this statement. There was testimony that the industry had long recognized the existence of significant problems with the way window shades were fitted, yet previous solutions failed for various reasons. Fallin testified about a device designed to enable cutting a shade at home. Ferguson testified about an adjustable end-plug.

The jury heard this testimony that the industry was aware of the problems with the cut-in-store type of shade.

They heard of attempted remedies that failed, and the development of other take-home shade systems that failed. There was substantial evidence of failure by others who were presumably of skill in the window shade art.

The Jury Verdict

The objective indicia can comprise compelling evidence of nonobviousness. *Stratoflex, Inc. v. Aeroquip Corp.*, 713 F.2d 1530, 1538, 218 USPQ 871, 879 (Fed. Cir. 1983) ("evidence of secondary considerations may often be the most probative and cogent evidence in the record. It may often establish that an invention appearing to have been obvious in light of the prior art was not.") This considerable evidence was before the jury, along with the prior art, the prosecution history, and extensive argument and explanation and demonstration by counsel and witnesses for both sides.

"Determining the weight and credibility of the evidence is the special province of the trier of fact." *Inwood Laboratories, Inc. v. Ives Laboratories, Inc.*, 456 U.S. 844, 856 (1982). The trier of fact must not only identify the prior art, its scope and content, but it must also weigh all the evidence, impose the viewpoint of the person of ordinary skill, and determine if the burden of proof has been met.

A reasonable jury, on the evidence presented, could have concluded that the claimed invention had not been proved obvious by clear and convincing evidence. I would reinstate the jury verdict, for on the correct standard of review the grounds for reversal of the jury verdict are not met.

APPENDIX B

IN THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF RHODE ISLAND

C.A. NO. 82-0421

NEWELL COMPANIES, INC.
VS.
KENNEY MANUFACTURING COMPANY

OPINION

BOYLE, Francis J., Chief Judge.

Plaintiff in this case, Newell Companies, Inc. (Newell) sued Defendant Kenney Manufacturing Company (Kenney) for alleged infringement of claims 1, 2, 6 and 7 of its patent 4,006,770 (the 770 patent) for a do-it-yourself-without-tools window shade. Kenney denied infringement and asserted the defenses of invalidity due to obviousness and noninfringement. Other defenses and counterclaims which were raised by Kenney were either withdrawn or directed out by the Court at the end of testimony.

At the close of Plaintiff's case-in-chief, Defendant Kenney moved for a directed verdict on the grounds that the 770 patent is invalid due to obviousness, and that Kenney's accused structure does not infringe any of the claims of the patent. This motion was renewed at the close of evidence in the case. The Court reserved decision on the motion and submitted the case to the jury after appropriate instruction. The jury found the claims valid and infringed by Defendant. The Court must now address the directed verdict motion upon which it reserved decision.

Whether a directed verdict motion should be granted is a question of law which must be determined by the Court. *See* Fed. R. Civ. P. 50(a). A directed verdict should be granted sparingly, since it denies the parties the opportunity to have the facts determined by a jury. 9 C. Wright & A. Miller, *Federal Practice and Procedure: Civil § 2524 (1971)*. The standard applied by the Court is whether there is evidence upon which the jury could properly find a verdict for the party against whom the motion is directed. *Id.* This standard is the same for both a motion for directed verdict and a motion for judgement notwithstanding the verdict. *Id. See also Connell v. Sears, Roebuck & Co.*, 722 F.2d 1542, 1546 (Fed. Cir. 1983). The Court must (1) consider all the evidence; (2) in a light most favorable to the nonmoving party; (3) drawing reasonable inferences favorable to the nonmoving party; (4) without determining the credibility of witnesses; and (5) without substituting its judgment for that of the jury on conflicting evidence. *Connell, supra* at 1546. *See also Perkin-Elmer Corp. v. Computervision Corp.*, 732 F.2d 888, 893 (Fed. Cir. 1984); *Railroad Dynamics, Inc. v. A. Stucki Co.*, 727 F.2d 1506, 1512-13 (Fed. Cir. 1984). If, after applying these guidelines, the Court is convinced upon the record before the jury that reasonable persons could not reach a verdict for the nonmoving party, it must grant the motion for a directed verdict. *Connell, supra* at 1546.

The Court finds that reasonable jurors could not conclude that claims 1, 2, 6, or 7 of the 770 patent are valid, and thus will grant the motion for a directed verdict on the issue of invalidity. While a defendant cannot be held legally liable for infringing an invalid patent, *Medtronic, Inc. v. Cardiac Pacemakers, Inc.*, 721 F.2d 1563, 1583 (Fed. Cir. 1983), the Court also will address Defendant's motion on the issue of noninfringement in the interest of judicial economy.[1] *See Simmons Fastener Corp. v. Illinois*

[1] The parties to the instant suit also urge the Court to rule on both issues.

Tool Works, Inc., 739 F.2d 1573, 1576 (Fed. Cir. 1984); *Medtronic, supra* at 1582-83. Since no reasonable jury could conclude that claims 1, 2, 6 or 7 of the 770 patent were infringed, the Court will grant the motion for a directed verdict on the issue of noninfringement, as well.

FACTS

The window shade industry has existed for over 100 years. Shades were first made of cloth, starched cloth, or paper, but by 1973 vinyl was the predominant material used. For the most part, wooden or hollow rollers were used, although convolute cardboard was also utilized. The rollers contained a spring motor on the left side and had a pin to support the shade on the right. A pocket in the bottom of the shade enclosed a rigid slat.

In the 1970's as now, Newell was involved in the manufacture of window shades. Other companies in the field included Joanna-Western, Clopay, Graber and Breneman. The practice in the industry was to manufacture shades which were cut to measure on a machine by trained store personnel, rather than by the consumer at home. The consumer would first measure the window for which a shade was required and bring the dimensions to the store, where he or she would choose a new shade. Since window shades were available in a limited variety of sizes, the shade chosen would often have to be reduced in size. In the case of a wooden roller the cap and pin would be removed from the end of the roller, the shade material would be cut and removed, the roller and slat sawed to the required length and the end cap replaced on the roller. After the shade had been cut, the consumer would take it home. If the shade were improperly cut or if the measurements were incorrect, the consumer would return the shade and try again. Frequently the store would bear the loss attributable to a miscut shade. Until the time of the claimed invention, store-cut shades were the state of the art.

Then in late 1973 or early 1974 Thomas Ferguson, the products manager of Newell's window shade division, saw a vinyl material manufactured by Sean Corcoran. This material was scored partially through in parallel lines so that it could be torn to a desired width. On February 12, 1974 Mr. Ferguson wrote to Mr. Corcoran, who resided and had his business in Ireland, and requested sample shades. Mr. Corcoran sent the shades, along with a separate cover letter and instructions on February 25, 1974. In his letter, Mr. Corcoran indicated that he would not have the output to supply Newell until 1975 and that at the time rollers were in better supply and cheaper in America. Mr. Corcoran suggested alternatives to his supplying the completed shades: sending only the shades and attaching rollers in the United States or entering into a licensing agreement. The instructions illustrated the process of measuring and assembling the shade. They contemplated the use of a wooden roller and slat, each of which had to be sawed to length. The window shade had to be cut through at the slat pocket, since the seam for the pocket was solid and overlapped the scoring in the shade material.

Ferguson sensed potential for developing a new product and began to work on designing a window shade on his own time. He decided to attach the vinyl to a telescoping roller in order to simplify the procedure of assembling the shade. He was faced also with the challenge of designing a slat pocket that would enable the width of the vinyl to be reduced the entire length of the shade without the use of scissors or other cutting implement. Here Ferguson's wife, who had considerable sewing skill, contributed to the design. She recommended sewing the slat pocket with an intermittent seam so that the stitching would not overlap the slits in the material. This feature was incorporated into the final design.

In April 1974 Ferguson presented his idea to his superiors at Newell. Newell's new product committee decided to pursue the shade, and prepared to test its market po-

tential. Since Newell did not manufacture its own shade in 1974, it arranged for Breneman, which manufactured other Newell products, to make the test shades. Corcoran sent enough vinyl to make the shades and Breneman developed a heat sealing bar for the slat pocket. Newell purchased rollers made by Clopay and described *infra*, removed their cardboard sleeves and used the rollers for the test shades.

The test of the window shade had positive results and Newell decided to introduce its product. At this point a complication arose when Breneman, assuming the product was destined to be unsuccessful, declined to manufacture the shades for Newell. Newell decided to manufacture the shades itself and began selling the shades in October of 1975. On June 16, 1975, before the mass selling of the shade began, Ferguson applied for a patent. This application would ripen into the 770 patent, the subject of this controversy.

The do-it-yourself-without-tools window shade was successful with consumers immediately upon its introduction. Competitors, some of whom had been aware of the Corcoran material before Newell introduced its shade, hurried to enter the market. Breneman attempted to import a copy of the Newell shade from Taiwan but was prevented from doing so by litigation. Within one year of Newell introducing its shade, Graber and Clopay entered the market. The Graber shade, called Easy-Up, was a copy of Newell's product except for the motor attachment. Clopay's shade, Sure Fit, functioned much the same as Newell's but included the roller described under the Gossling patent number 3,203,468, *infra*. Joanna-Western brought out the Perfit shade, Stanley the Trim 'N Fit, and Breneman a shade called Strip 'N Fit.

In 1981 Defendant Kenney entered the market after K-Mart, one of its principal customers, informed company officers that it wanted to sell tear shades and that, as of

July 1981, it would buy drapery hardware, which made up a large part of Kenney's business, only from a company which could also supply do-it-yourself-without-tools window shades. In July of 1981 Kenney delivered its shade to K-Mart. The shade was similar to that manufactured by Newell, except that the shade material was not attached to the smaller roller, but allowed to wrap loosely around it.

At the date of this trial Breneman, Joanna-Western and Stanley had withdrawn their products from the market. The other products discussed remain.

VALIDITY OF PATENT

Not every invention is patentable. In order to be patentable, an invention cannot be obvious. 35 U.S.C. § 103 (1982). Under 35 U.S.C. § 103, an invention is obvious

> . . . if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains.

The court in *Graham v. John Deere Company*, 383 U.S. 1, 17 (1966), delineated the factors to be considered in determining the obviousness of a claimed invention. The so-called "primary" factors listed by the court are the scope and content of the prior art, the differences between the prior art and the claims at issue, and the level of ordinary skill in the art. *Id.* Other factors, denominated "secondary considerations" by the court, are commercial success, longfelt but unsolved need, and the failure of others. *Id.* Although the court in *Graham v. John Deere Company* stated that "Such secondary considerations . . . might be utilized to give light to the circumstances surrounding the origin of the subject matter sought to be patented[,]" *id.* at 17-18, it is clear today that all these factors must be taken into consideration when dealing with the issue

of obviousness. *Stratoflex, Inc. v. Aeroquip Corp.*, 713 F.2d 1530, 1538-39 (Fed. Cir. 1983); *Environmental Designs, Ltd. v. Union Oil Co.*, 713 F.2d 693, 695 (Fed. Cir. 1983).

> Indeed, evidence of secondary considerations may often be the most probative and cogent evidence in the record. It may often establish that an invention appearing to have been obvious in light of the prior art was not. It is to be considered as part of all the evidence, not just when the decisionmaker remains in doubt after reviewing the art.

Stratoflex, supra at 1538-39.

The Court in embarking on its analysis is mindful of the fact that a patent is presumed valid, 35 U.S.C. § 282 (1982), so that a patent holder never is required by law to prove facts establishing validity. *Railroad Dynamics, Inc. v. A. Stucki Co.*, 727 F.2d 1506, 1511 (Fed. Cir. 1984). The question confronting the Court, then, is whether patent challenger Kenney met its burden of establishing invalidity by clear and convincing evidence, *Perkin-Elmer Corp. v. Computervision Corp.*, 732 F.2d 888, 894 (Fed. Cir. 1984), so that reasonable jurors could not conclude that the claims of the 770 patent are valid. *See Railroad Dynamics, supra* at 1511. If such is the case, the motion for a directed verdict should be granted on this issue. *See id.*

THE VALIDITY EVIDENCE

(a) The 770 Patent.

1. Specification

The 770 patent teaches an extensible and retractable window shade assembly which may be adjusted to a desired width without the use of tools. This window shade was invented by Thomas Ferguson, who assigned the patent to Newell. The invention is described in the specification

and accompanying drawings, one of which is set forth in the Appendix.

The specification discloses shade material which has a plurality of tear lines parallel to one edge of the material. The lower portion of the material is folded over to form a pocket which is seamed at its top. The seaming is intermittent and does not overlap the tear lines. This facilitates the process of narrowing the material to a desired width.

An extendable bottom slat comprised of three sections is inserted into the bottom pocket. The two outer sections of the slat are substantially identical and made of a lightweight rigid material such as plastic or metal. The center section is also made of lightweight material and fits snugly inside the end sections. The length of the slat can be adjusted to conform to the width of the shade by inserting the center section of the slat telescopically into the other sections.

The roller of the window shade assembly consists of two telescoping sections. One section is a hollow tube with an overlap seam so that the outside of the tube is substantially smooth and the internal surface has a ridge with a rectangular cross-section. The inner roller section is seamed in a similar manner and has a recess with a rectangular cross-section. This recess is slightly wider than the interior ridge on the first section. Both tubes are substantially the same diameter from end to end, with the exception of the recess on the exterior of the inner roller section. When the inner section is inserted telescopically into the outer one, the ridge and recess are aligned and serve to interlock the sections in their relative positions. This prevents the sections from rotating in relation to one another.

The power necessary to retract the shade is supplied by a spring-driven motor and a motor adaptor. The adaptor, which has several rib-like protrusions with a forward-slanting section, is inserted into one end of the outer roller

section. The adaptor's diameter is slightly greater than the interior diameter of the roller section; this provides for a snug fit upon insertion of the adaptor. The ribs are separated widely enough to accommodate the ridge on the inside of the tube. When the adaptor is inserted, the adaptor and the ridge interlock, preventing rotation of the adaptor relative to the roller section.

An end pin adaptor is inserted into the outer end of the inner roller section. The diameter of the adaptor is slightly larger than the internal diameter of the roller so that the adaptor will fit snugly into the roller. Like the motor adaptor, the end pin adaptor has ribbed sections. The recess in the roller interlocks with the ribs, preventing rotation between the adaptor and roller section. An end pin is inserted into a hole in the center of the end pin adaptor.

Both roller sections are covered with a strip of adhesive along the outside longitudinal surface. The adhesive on the inner roller section is covered with a strip of protective material. When the shade is initially attached to the roller, it is attached only to the outer roller section. To complete the assembly of the shade, the purchaser marks the desired width of the shade by holding the shade up to the window to be fitted. He then adjusts the roller to correspond to the desired width. The shade is unrolled, a tab grasped, and the shade torn along the slit corresponding to the width required to fit the window. The bottom slat is then adjusted to the new shade width. The protective stripping is removed from the portion of the inner roller section which extends beyond the outer section. Finally, the portion of shade material overlapping this portion of adhesive is pressed onto the adhesive.

2. Claims at Issue.

In the original patent application, Thomas Ferguson made his first claim as follows:

> 1. A window shade comprising in combination, a sheet of flexible material having a plurality of vertical tear lines, a support roller comprising first and second telescoping sections, means for attaching said sheet of material to said telescoping sections, a pocket for housing a bottom slat, and an adjustable length bottom slat.

This claim was rejected by the Patent Office on the basis of the prior art. One of the reasons given by the patent examiner was that it was obvious to provide tear lines to the telescoping roller for window shades taught by the Rice patent, which is discussed *infra*. The examiner also cited the 1965 and 1967 Gossling patents to show the state of the art. The Gossling patents, described *infra*, claim a window shade having a telescoping roller whereby the shade material is attached directly only to the outer roller section.

Ferguson then amended claim 1 to read as follows:

> Claim 1 (Amended) A window shade comprising in combination, a sheet of flexible material have two end sections and two side edges and a plurality of tear lines substantially parallel to said side edges, a support roller comprising inner and outer telescoping sections, adhesive surfaces on external wall surfaces of said inner and outer sections for adhesively securing one end section of said sheet to said inner and said outer telescoping sections, a pocket formed in the other end section of said sheet for housing a bottom slat, and an adjustable length bottom slat.

In explaining his amended claim 1, Ferguson stated that he had "deleted the reference to the broader designation 'means for attaching . . .' and ha[d] substituted 'adhesive surfaces on external wall surfaces of said . . . telescoping sections for adhesively securing . . . .'" Ferguson submitted that the prior art neither disclosed nor suggested a

telescoping roller with adhesive surfaces for securing the sheet to the roller. He claimed that the adhesive mode of securement was a marked improvement because it is a relatively quick and inexpensive way of making the attachment, and allows a portion of the shade material to be readily removed.

Claim 1 was again rejected by the patent examiner as unpatentable over the prior art. The examiner stated that it was old to provide a window shade with tear lines and an adhesive means of securing the shade to the roller.

In response Ferguson cancelled claim 1 and substituted the following claim:

> 1. In an extensible and retractable roll window shade assembly which is width adjustable and installable by the consumer without the use of tools or cutting elements, the combination of
>
> a telescoping roller assembly, said telescoping roller assembly including
>
> a first roller section,
>
> said first roller section having a constant external diameter from end portion to end portion,
>
> the outer end portion of said first roller section having first means for supporting the window shade assembly from a first support location,
>
> the inner end portion of said first roller section having an opening therein of a size to receive
>
> a second roller section,
>
> said second roller section having a constant nominal external diameter from end portion to end portion,

the outer end portion of said second roller section having second means for supporting the window shade assembly from a second support location,

said second roller section being telescopically, slidably received within the first roller section,

whereby the length of the roller assembly can be adjustable within the limits of the range of telescoping movement,

means for precluding relative rotation between the first and second roller sections,

a shade of flexible sheet material,

a first portion of the upper end of the shade being secured to the first roller section,

one side portion of the shade having a plurality of lines of weakness which extend from the upper end of the shade to the lower end of the shade

whereby the width of the shade can be adjusted to a desired width by separating a portion of the side of the shade from the balance of the shade, said separated portion being bounded, on the outside, by the original shade edge and, on the inside, by a line of weakness along which said portion is separated from the balance of the shade,

said first and second telescoping roller sections being adjustable to an overall length which is at least as wide as the length of the final shade width without severance of any portion of either section,

*securement means for securing the second portion of the upper end of the shade, which

> is generally aligned with the second roller section, in fixed relationship to the second, smaller external diameter roller section with a substantially constant securing force from point to point along the length of the portion of the second roller section which extends beyond the end of the first roller section,
>
> whereby the positions of the first and second roller sections are fixed with respect to one another and to the shade throughout the entire area of overlap of the shade and the roller assembly.

(asterisk added).

In arguing for the validity of his substituted claim, Ferguson relied primarily upon the fact that neither Rice nor Gossling disclosed a window shade which could be adjusted in width without using tools. This claim was allowed, and became claim 1 of the 770 patent.

The other claims at issue—claims 2, 6, and 7, as finally allowed—are dependent upon claim 1, which in essence teaches the window shade assembly, with telescoping roller and slat and a tear shade attached to the roller. Dependent claim 2 specifies lines of weakness in the shade material extending less than the depth of that material.[2] Dependent claim 6 specifies that the shade be made of a plastic material which makes the cut lines almost undiscernible to

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[2] Claim 2 reads:

> The extensible and retractable roll window shade assembly of claim 1 further characterized in that said lines of weakness comprise continuous cut lines in which the depth of cut is less than the thickness of the shades throughout at least substantially the entire distance from the lower end to the upper end of the shade.

the naked eye,[3] and dependent claim 7 adds the intermittently sealed slat pocket.[4]

3. Claim Construction.

Making a determination as to the scope of a claim at issue is usually a question of law to be decide by the Court. *McGill Inc. v. John Zink Co.*, 736 F.2d 666, 671 (Fed. Cir. 1984). However, when the meaning of a term of art contained in a claim is disputed, and extrinsic evidence is required to explain its meaning, the issue of claim construction can be left to the jury. *Id.* at 672.

Here the parties disagree as to the meaning of the "securement means" element of claim 1 (marked with an asterisk), a term which is incorporated by reference into the remaining claims at issue. Plaintiff Newell argues that "securement means" in the context of claim 1 describes any means to secure the shade material to the inner telescoping roller section. In support of its interpretation, Newell contends that the ordinary English meaning of the words "securement means" encompasses any means that secures the shade material in a manner defined by the claims, and is not limited to adhesive. Defendant Kenney,

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[3] Claim 6 reads:

The extensible and retractable roll window shade assembly of claim 1 further characterized in that said shade is composed of a plastic material having memory properties whereby the cut lines are virtually undiscernable [sic] to the naked eye.

[4] Claim 7 reads:

The extensible and retractable roll window shade assembly of claim 1 further characterized by and including a slat pocket at the lower end of the shade, said slat pocket being formed by doubling the lower end of the shade upon itself, said doubled back portion being secured to the balance of the shade at discrete securement locations, the securement locations associated with the side portion of the shade having the aforesaid lines of weakness therein being located between said lines of weakness whereby severance of a side portion of the shade along a line of weakness will not intersect a securement location.

on the other hand, argues that "securement means," as used in the claim, is limited to an adhesive mode of attachment. Kenney bases its argument upon the specification and accompanying drawings, along with distinctions made between the claimed invention and the prior art in the course of prosecuting the patent.

Since the language of the claim at issue is in dispute, it is appropriate to consult other pertinent evidence in addition to the claim language itself. *See McGill, supra* at 673. The Court of Appeals for the Federal Circuit tends to examine all evidence relevant to a claim, including the prosecution history, *McGill, supra* at 673-74; *SSIH Equipment S. A. v. United States International Trade Commission*, 718 F.2d 365, 376 (Fed. Cir. 1983), the patent specification, *McGill, supra* at 674; *Fromson v. Advance Offset Plate, Inc.*, 720 F.2d 1565, 1569-70 (Fed. Cir. 1983), other claims in the patent, *McGill, supra* at 674-75; *Fromson, supra* at 1570, and expert testimony. *McGill, supra* at 675; *Envirotech Corp. v. Al George, Inc.*, 730 F.2d 753, 759-60 (Fed. Cir. 1984). Here the evidence can lead to only one conclusion: that the term "securement means" as used in claim 1 encompasses only an adhesive form of securement. The dispositive evidence is the patent specification and the other claims of the patent.

When looking at the words of a claim, they " 'will be given their ordinary and accustomed meaning, unless it appears that the inventor used them differently'." *Envirotech, supra* at 759 (quoting *Universal Oil Products Co. v. Globe Oil & Refining Co.*, 137 F.2d 3, 6 (7th Cir. 1943), *aff'd*, 322 U.S. 471 (1944)). *Webster's Seventh New Collegiate Dictionary* 780 (1967) defines the term "securement" as being "the act or process of making secure," with "secure" meaning "to make fast: seal." *Id.* Thus "securements means" is a method of fastening.

A claim also must be construed in light of the specifications of the patent. *United States v. Adams*, 383 U.S.

39, 49 (1966). Here, the construction of the term "securement means" is limited by the patent law tenet that when an element in a claim for a combination is expressed as a means or step for performing a specified function, without reciting the supporting structure, material or acts, such a claim is construed to cover the corresponding structure, material or acts described in the specification and its equivalents. 35 U.S.C. § 112 (1982). The language at issue is just such an element in a claim for a combination, the combination being the Ferguson window shade. Under this provision, Ferguson expressed the "securement means" element of claim 1 without specifying the securing material to be used. His preferred embodiment as set forth in the specification, one where adhesive means is used to attach the shade material to both the inner and the outer roller sections, leads to the conclusion that "securement means" in claim 1 is used to describe only an *adhesive* form of securement of the shade material to the roller sections, *see Coleco Industries v. United States International Trade Commission*, 573 F.2d 1247, 1253 (C.C.P.A. 1978), and its equivalents.

Moreover, claim 5 of the patent further sustains this interpretation. Claims in a patent other than the one at issue can be used to determine the scope of the claim at issue. *McGill, supra* at 674; *Fromson, supra* at 1570. "Where some claims are broad and others narrow, the narrow claim limitations cannot be read into the broad whether to avoid invalidity or to escape infringement." *Kalman v. Kimberly-Clark Corp.*, 713 F.2d 760, 770 (Fed. Cir. 1983) (citations omitted). Here claim 5 of the Newell patent limits the means of securing the window shade to the inner roller section to an adhesive substance covered by a protective member.[5] Thus the "adhesive covered by

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[5] Claim 5 reads:

The extensible and retractable roll window shade assembly of claim

a protective member" limitation cannot be imposed upon broader claim 1. The fact that claim 5 limits its securement means to an adhesive substance covered by a protective member, rather than to all adhesive forms of attachment, supports the conclusion that claim 1 is confined to adhesive securement means. If claim 1 was not so limited, logically one would expect that an additional dependent claim would have been submitted claiming a shade where an adhesive form of attachment without any protective covering was used to secure the shade material to the roller.

An examination of the evidence relevant to the interpretation of the "securement means" language in claim 1 and the context in which it is used could lead a reasonable jury to only one conclusion—that the term "securement means" encompasses only adhesive methods of securement. Although the term "securement means" when standing alone is much broader in coverage, the fact that the patent specification and drawings contemplate only adhesive securement, and claim 5 goes on to reference an even narrower form of adhesive securement makes it clear that claim 1 contemplates only an adhesive mode of securement.

(b) Scope and Content of Prior Art

The pertinent prior art introduced at trial included three patents, as well as the Corcoran material. A description of this prior art evidence follows.

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1 further characterized in that said securement means comprises an adhesive substance carried by the second roller section at locations commencing at the outer end portion thereof and extending inwardly substantially the entire length of said second roller section when it is extended to its maximum length with respect to the first roller section, and a temporary protective member overlying the adhesive substance at all points, said temporary protective member being removeable [sic] by hand from contact with the adhesive substance throughout that portion of the length of the second roller section which extends beyond the inner end of the first roller section, whereby the adhesive substance may remain unactivated until just prior to securement of the second portion of the upper end of the shade to the roller assembly.

i. The Rice Patent

The Rice patent, issued on February 21, 1933, claims a telescoping metal roller for window shades and the like. The roller consists of two sections of metallic tubing whose outer ends are of the same diameter. Each section contains a surface channel or groove which is adapted to receive the beaded edge of window shade material. The bead-receiving channel creates a ridge on the inside of the outer roller section, with the channel on the inner roller section receiving the interior ridge of the outer roller section. This enlarged channel removes metal from the periphery of the inner roller section, thus constricting its diameter so that it can be inserted telescopically into the outer roller section.

ii. The 1965 Gossling Patent

The 1965 Gossling patent, number 3,203,468, was issued on August 31, 1965 and assigned by the inventors to the Clopay Corporation. It claims a window shade having a telescoping roller. One roller section is tubular, with the other inner section having one end seated within this outer tubular roller section. A paper tube, or tube made of other readily cuttable material, surrounds the inner roller section. This tube, whose inner edge abuts the outer roller section, is not affixed to the inner roller section in any way. An adhesive strip is attached to the outer roller section and the paper tube, holding the tube in place so that it forms, in effect, an extension of the outer roller section. This adhesive strip prevents the paper tube from rotating in relation to the outer roller section so that the shade does not droop when it is in a hanging position. The adhesive strip also attaches the window shade to the outer roller section and the paper tube.

iii. The 1967 Gossling Patent

The 1967 Gossling patent, number 3,299,944, issued on January 24, 1967, is a division of the 1965 Gossling patent.

Both patents claim a window shade having a telescoping roller and were assigned by the inventors to Clopay Corporation. The primary difference between the 1965 and 1967 patents is that the 1967 patent does not teach the use of a cuttable tube to surround the inner roller section. Instead, the shade material is attached adhesively only to the outer roller section. The material then is wound onto the roller slightly more than one full turn and a second layer of adhesive is applied to the shade material along the whole length of the roller. The shade material is wound onto the roller to cover the second adhesive application. This causes the shade material to stick to itself and form a tube-like structure around the inner roller section. This formation is not adhered to the inner roller section, which remains free to be fitted telescopically into the outer tubular section.

iv. The Corcoran Design

Corcoran material was used by Ferguson when designing the window shade taught by the 770 patent at issue, although Ferguson did not designate the shade material described in his patent as Corcoran material by name. The Corcoran material is described in a patent application made by Sean Corcoran, which was rejected by the patent examiner.

The core of the Corcoran design is a sheet of flexible plastic material with a plurality of vertical slits in one side of the material. They form continuous lines of reduced thickness, but do not extend through the entire depth of the vinyl. These slits make it possible to tear the material along the lines without distorting the separated edges. Tabs are interposed between the slits at one end of the sheet. These tabs extend through the entire thickness of the shade material so that they can be grasped and a corresponding sheet of shade material peeled off. The design includes a roller adapted to be adjusted in length and

a horizontal bottom rail which can also be adjusted in length.

(c) Differences from Prior Art.

No item of prior art teaches a tear shade mounted on a telescoping roller by adhesive means. The vinyl material disclosed in the 770 patent is, however, identical to the Corcoran material. In addition, the roller on which the material is mounted closely resembles the roller revealed in Rice, in that both teach a telescoping roller with two sections which lock together through the use of grooves and ridges. Moreover, while Gossling does not teach the adhesive means used by the 770 patent to secure the top of his shade directly to both sections of a telescoping roller, the 1965 Gossling patent does teach the adhesive attachment of a shade directly to the outer roller section and to a tube of cuttable material surrounding the inner roller section. The claimed invention differs from the prior art by teaching a slat pocket seamed intermittently, so that the seam does not overlap the lines of weakness in the fabric.

(d) Level of Ordinary Skill

The typical person working in window shade design at the time of the claimed invention possessed a bachelor's degree, although not necessarily in engineering. Thomas Ferguson, inventor of the shade in question, holds a bachelor's degree in business and economics. Paul Comeau, who worked on development of Defendant's shade, has an associate's degree in business administration, but did take engineering courses at the Franklin Institute of Technology in Boston and Lowell Institute of Technology in Lowell. Other witnesses presented by both sides have engineering backgrounds, although not all possess degrees in that field.[6]

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[6] Qualifications of other witnesses involved in the manufacture of

At trial, the Court admitted a 1967 memo from Vincent Sordillo to G. Dickson Kenney. This memo, which was admitted for the limited purpose of illustrating the ordinary level of skill in the field, referred to the design of a do-it-yourself window shade. The memo contemplated two types of shades: a lightweight, inexpensive shade and a heavy opaque one. The shade material would contain vertical lines of fine perforation spaced evenly across the material. The consumer was to tear the shade to the desired width along these perforations. Tear tabs would facilitate adjusting the width of the heavy shade. The shade was to be attached to a metal telescoping roller, the inner tube of which would be covered with cardboard perforated to match the tear lines in the shade material. Although Kenney and Sordillo discussed the concept, no further research was undertaken at that time.

The memo's contents cannot be considered prior art, since it was kept "in-house" at Kenney and never made available to anyone outside the company. *Cf. Grinnell Corp. v. Virginia Electric & Power Co.*, 277 F. Supp. 507, 518 (E.D. Va. 1967), *aff'd*, 401 F.2d 451 (4th Cir. 1968) (holding that design concealed until inventor learned of plaintiff's design and applied for a patent was not prior art). However, it is indicative of the level of ability of the average person working in the field of window shade design in 1974.

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window shades at the time of the alleged invention follow. David Wright, operations manager for Kenney, is an industrial engineer with an associate's degree in machine design from Wentworth Institute of Technology and a bachelor of science degree in mechanical engineering from the University of Rhode Island. Vincent Sordillo, Kenney's engineering manager, holds a degree in chemical engineering from Northeastern University. John Donofrio, who worked for Joanna-Western, one of the major competitors in the industry, has a bachelor of science degree in industrial management and industrial relations with a minor in industrial engineering. His degree is from the Illinois Institute of Technology.

In addition, Harold Huggins, who joined Newell as vice president in 1978, has a bachelor of science degree in engineering administration.

In light of the above evidence, a reasonable jury only could find that the level of ordinary skill in the art of making window shades in 1974 was that of an individual with a college education and a technical background not necessarily amounting to a college degree in engineering. This person would be capable of designing a shade such as the one described in Vincent Sordillo's memo.

(e) Secondary Factors

Secondary factors which must be taken into consideration when dealing with the issue of obviousness of a claimed invention are commercial success, longfelt but unsolved need, and the failure of others. *Graham v. John Deere Co.*, 383 U.S. 1, 17 (1966).

Plaintiff, as already indicated, introduced evidence of the commercial success of the window shade. Although figures for only 1981-1983, the period at issue between the parties to this lawsuit, were submitted, these figures are indicative of the public acceptance the product has achieved. In 1981 Newell manufactured 4,451,973 do-it-yourself-without-tools shades, in 1982, 4,360,028 shades and in 1983, 3,841,117. The number of shades manufactured by Plaintiff has decreased over this time period: however, this does not reflect a growing consumer disenchantment with the Plaintiff's shade. Rather, it indicates that sales by Newell have decreased as competitors have entered the market. Neither party refutes this theory.

There was no evidence that others skilled in the art tried and failed to find a solution to the problems preventing in-home fitting of window shades once the Corcoran material was introduced. Instead, the evidence showed that the industry resisted the advance represented by the Corcoran material. Thomas Ferguson stated that Newell began manufacturing the do-it-yourself-without-tools shade because Breneman, a shade manufacturer which manufactured other items for Newell, declined to produce

the shade on the grounds that it believed the product would fail in the marketplace.

In addition, Plaintiff introduced deposition testimony of William Uecker, Kenney's senior vice president, which was taken by Plaintiff's counsel. Although currently employed by the Defendant, Uecker was employed for many years by Joanna-Western, becoming Joanna-Western's vice president of sales in 1972 and president of the company in 1975. During his tenure, Joanna-Western was the largest manufacturer of window shades in the United States and possibly the world, with annual revenues of 100 million dollars. When Sean Corcoran approached Joanna-Western in 1972 with an offer to license the manufacture of his shade material or sell the material to it, the company declined the offer. In its case Defendant introduced testimony from the same deposition as to Joanna-Western's reasons for deciding against Corcoran's material.

> Q And then you went on to say: "We at Joanna felt that Mr. Corcoran's product would detract from the sales of cloth shades, which we considered to be far superior," et cetera. Who is the we in the "we at Joanna felt"?
>
> A I think the entire Joanna organization felt that our, it was in our best interestes [sic] to sell cloth window shades. That was the "we," the entire marketing organization. And our primary objective was to sell cloth window shades. And why we were selling vinyl window shades is we had to. We would leave no stone unturned to enhance cloth over and above vinyl.
>
> Q I see. I take it implicit is you get a better price for cloth than you do for vinyl; right?
>
> A Not only that. The entire company was, you know, was founded on cloth. We had enormous

> investment in cloth processing equipment; we owned our own cotton mill.

Uecker deposition, page 40.

(f) Resolution

The elements contained in claims 1, 2 and 6 are all found in the prior art discussed *supra*. However this does not in any way negate the validity of the claims. Indeed, the theory that a so-called combination patent, i.e., one which is comprised of known elements, is a separate and distinct type of patent clearly has been put to rest. *See Medtronic, Inc. v. Cardiac Pacemakers, Inc.*, 721 F.2d 1563, 1566 (Fed. Cir. 1983). An invention must be viewed as a whole, rather than as a collection of parts. *Jones v. Hardy*, 727 F.2d 1524, 1529 (Fed. Cir. 1984). It is also important to remember that, while the differences between a claimed invention and the prior art must be considered when determining validity, it is not these differences which comprise the invention; rather, one looks at the device itself. *Id.* at 1528. As stated earlier, any so-called "secondary" factors must also be considered. It now appears that such objective evidence of nonobviousness has been elevated from the "secondary" status accorded it in *Graham v. John Deere Company*, 383 U.S. 1, 17 (1966) to "highly probative, objective criteria fully capable of serving as a foundation for the legal conclusion of unobviousness." *Perkin - Elmer Corp. v. Computervision Corp.*, 732 F.2d 888, 895-96 (Fed. Cir. 1984) (quoting *Raytheon Co. v. Roper Corp.*, 724 F.2d 951, 961 (Fed. Cir. 1983)).

Examination of all factors persuades the Court that the claims at issue must be declared obvious and thus invalid. The shade material described in claims 1, 2 and 6 is that devised by Sean Corcoran. When Thomas Ferguson first saw the material he knew that it was intended to be used as a window shade. In his letter to Ferguson of February 25, 1974, Corcoran indicated that he was attaching the material to wooden rollers which were capable of being

adjusted in length. He suggested that Ferguson could obtain rollers more cheaply in the United States, but the material quite clearly was intended to be hung from a roller.

The conclusion of obviousness is buttressed by the opinion of the United States Court of Customs and Patent Appeals. *In re Corcoran*, 640 F.2d 1331 (C.C.P.A. 1981). In that case the court affirmed the rejection by the Patent and Trademark Office Board of Appeals of claims in Corcoran's patent application. Corcoran had attempted to patent his shade material hung from a wooden roller. The Court based its decision on the fact that the design had been published more than a year before a patent application was made. However, the court also noted,

> As to the support means we conclude that, given the plastic sheet shade material denominated a "window shade," nothing could be more obvious than to attach it to a roller or other support.

Id. at 1334.

The fact that Thomas Ferguson placed the vinyl shade material on a telescoping roller rather than a wooden one does not avoid a finding of obviousness. The purpose of using a vinyl material scored vertically and supplied with pull tabs is to make it easier to decrease the width of the shade itself. Given the nature of the shade material, it would be obvious to one with ordinary skill in the art to mount the shade material on a telescoping roller, well known in the art, which could be quickly shortened to match the width of the shade. Like the *Corcoran* court, this Court feels that ". . . nothing could be more obvious . . . ." *See id.*

Claim 7, unlike claims 1, 2 and 6, discloses something which clearly is Thomas Ferguson's own idea; more accurately, it represents Mrs. Ferguson's input. The claim teaches a slat pocket seamed intermittently so that the

areas of seaming do not overlap the vertical slits in the material. This style of slat pocket is not found in the prior art, although a continuously seamed pocket is present. Corcoran himself found it necessary to cut through the slat pocket with scissors or other implement. However, once again the claim must be looked at through the eyes of one with ordinary skill in the art. At the time of the invention, such a person would have been faced with a piece of vinyl shade material containing vertical slits. It would have been clear that, in order to be used most efficaciously, the strips should be capable of being removed in a single motion. Providing gaps in the securement of the slat pocket so as to have the slits free of interference would have been fundamental, even obvious, to a person with ordinary skill in the art as that person has already been defined by this Court.

The Plaintiff introduced evidence of commercial success and copying. This evidence is unrefuted. However, it must be viewed in light of other evidence not disputed by the Plaintiff. The window shade industry is a very old one which apparently moves at a pace akin to that of a snail. When taken as a whole, the evidence reveals a sluggish industry attempting to pursue "business as usual" rather than meet consumers' needs. Undoubtedly, the industry was surprised by the success of the do-it-yourself-without-tools shade. Certainly it jumped on the band wagon when it realized the potential profits to be recognized. However, in this case such copying does not equal nonobviousness of the claimed invention. Joanna-Western, the largest company in the field, would have preferred to suppress the invention to protect its cloth interests. Other members of the industry were satisfied with perpetuating old practices. The companies, including Plaintiff, spent little on research and development. This is a case of a sales and marketing specialist anticipating the needs of the public. He was fortunate to be supported in his vision by higher management.

While Newell has benefitted from Ferguson's acuity, this does not in any way mandate a finding of nonobviousness.

Evaluation of all these factors leads the Court to the conclusion that reasonable jurors could not reach any other conclusion than that claims 1, 2, 6 and 7 of the 770 patent are obvious and ergo invalid. Defendant's motion for a directed verdict on the issue of obviousness is granted.

INFRINGEMENT OF PATENT

Defendant Kenney's motion for a directed verdict also is grounded upon the argument that even if the 770 patent is valid, the claims at issue are not infringed by Defendant's accused device. As already noted, the Court will decide this issue of Defendant's motion as if it had found the 770 patent valid. Since the infringement determination is a question of fact, *SSIH Equipment S.A. v. United States International Trade Commission*, 718 F.2d 365, 376 (Fed. Cir. 1983), when addressing this issue the Court must decide whether reasonable jurors could conclude that the claims at issue were infringed. *See Railroad Dynamics, Inc. v. A. Stucki Co.*, 727 F.2d 1506, 1511-12 (Fed. Cir. 1984).

A patent gives the patent holder the right to exclude others from making, using, or selling the patented invention throughout the United States for seventeen years. 35 U.S.C. § 154 (1982). Whoever makes, uses or sells the invention during the patent's term without authority, infringes the patent. 35 U.S.C. § 271(a) (1982).

In deciding whether patent infringement has occurred, two determinations must be made: (1) the scope of the claims at issue, and (2) whether the claimed invention has been infringed. *McGill Inc. v. John Zink Co.*, 736 F.2d 666, 671 (Fed. Cir. 1984). The first determination involving the scope of the claims has already been made, since a claim must be construed the same when determining infringement as when determining validity. *Medtronic, Inc.*

v. Cardiac Pacemakers, Inc., 721 F.2d 1563, 1583 (Fed. Cir. 1983). The Court will proceed to address the second determination.

Two types of infringement must be considered: literal infringement and infringement under the doctrine of equivalents. In order to decide whether a device literally infringes a claim, the claim must be read on the accused device. If the accused matter clearly falls within the claim, infringement is established. *Graver Tank & Manufacturing Co. v. Linde Air Products Co.*, 339 U.S. 605, 607 (1950). A claim will not "read on" any device unless that device contains every element of the claim. *Cimiotti Unhairing Co. v. American Fur Refining Co.*, 198 U.S. 399, 410 (1905); *Wolens v. F.W. Woolworth Co.*, 703 F.2d 983, 987 (7th Cir. 1983).

The doctrine of equivalents is considered only if actual literal infringement has not been found. *Hughes Aircraft Co. v. United States*, 717 F.2d 1351, 1361 (Fed. Cir. 1983). Under this doctrine, an accused product may infringe a claim "if it performs substantially the same function in substantially the same way to obtain the same result" as the claimed product. *Graver Tank, supra* at 60. Any element which one of ordinary skill in the art would view as interchangeable with the claimed element is an equivalent. *Thomas & Betts Corp. v. Litton Systems, Inc.*, 720 F.2d 1572, 1579 (Fed. Cir. 1983).

The operation of the doctrine of equivalents is restricted, however, by another doctrine: the doctrine of prosecution history estoppel. The doctrine of prosecution history estoppel precludes a patent holder from obtaining a claim construction that would resurrect subject matter surrendered during prosecution of the patent application. *Hughes Aircraft, supra* at 1362. The estoppel applies to both claim amendments, *id.*, and to the cancellation of claims, *Graham v. John Deere Co.*, 383 U.S. 1, 33 (1966); *Arco Industries Corp. v. Chemcast Corp.*, 633 F.2d 435, 440 (6th

Cir. 1980), which were made to overcome rejections based on prior art, as well as to arguments which were submitted to obtain the patent. *Hughes Aircraft, supra* at 1362. A patent that has been severely limited to avoid the prior art will have only a small range between it and the point beyond which it violates prosecution history estoppel. *Hughes Aircraft, supra* at 1363.

THE INFRINGEMENT EVIDENCE

Plaintiff Newell claims that the Kenney window shade infringes claims 1, 2, 6 and 7 of Newell's 770 patent. The accused shade consists of a lock seam telescoping roller with spring motor, plastic shade material with invisible pre-slit vertical lines, and a plastic bottom slat with lines of weakness which permit it to be broken off. The shade material is adhesively secured only to the outer section of the telescoping roller, with one or more extra wraps of shade material being employed to hold the shade on the inner roller section.

One of the elements of claim 1 of the 770 patent, as construed *supra*, is that the shade material must be attached to both the outer and the inner roller sections by adhesive. Since the accused window shade lacks an adhesive means of securing the shade material to the inner roller section, instead using extra wraps of material to perform this function, it is clear that the Kenney shade does not, and could not, literally infringe claim 1 of the 770 patent. Similarly, the Kenney shade does not literally infringe claims 2, 6 or 7 of the 770 patent because these dependent claims incorporate the elements of claim 1 by reference.

Lacking proof of literal infringement, the remaining question is whether the Kenney window shade is the equivalent of the shade claimed by the 770 patent: specifically, whether the Kenney shade contains an equivalent of the "securement means" element of claim 1 which was found

to be lacking in a literal form. In order for the Kenney shade to be an equivalent of the window shade taught by claim 1 of the 770 patent, Kenney's use of extra wraps to hold the shade material to the inner roller section must perform substantially the same function in substantially the same way to obtain the same result as a shade where the material is adhesively secured to the exposed portion of the inner roller section with a substantially constant force from point to point, when interpreted in light of the prior art.

Under the doctrine of prosecution history estoppel, the Kenney wraps cannot be equivalent to the adhesive of the patented shade. This is because of the amendment and accompanying arguments which Ferguson made in order to overcome a prior art rejection while prosecuting his patent.

In claim 1 of Ferguson's original patent application, he claimed a window shade with a "means for attaching" the shade material to the telescoping roller sections. This claim was rejected by the patent examiner on the grounds of obviousness, with the examiner noting that pertinent prior art included the 1965 and 1967 Gossling patents. These Gossling patents contain claims which teach adhesive means of attachment whereby the shade material is directly attached by adhesive only to the outer section of the telescoping roller.

In response, Ferguson amended his patent application, deleting his claim to a broad "means for attaching" the window shade to the roller, and substituting narrower language about "adhesive surfaces on external wall surfaces of said inner and outer sections [of the telescoping roller] for adhesively securing one end section of said sheet [the shade material] to said inner and said outer telescoping sections" in order to distinguish his claimed invention from the prior art. Ferguson argued that "the prior art does not disclose a telescoping roller with adhesive surfaces for

securing the sheet to the roller." By so arguing, Ferguson abandoned any claim to a nonadhesive means of securing the shade to either of the telescoping roller sections. This limitation, once voluntarily imposed by Ferguson, accompanied his patent application through one more series of amendments and cancellation of claims, when present claim 1 was substituted for the adhesive attachment claim.

The language of claim 1, as ultimately allowed by the examiner, further limited the form of adhesive attachment ("securement means") to one which provides "a substantially constant securing force from point to point along the length of the portion of the second roller section which extends beyond the end of the first roller section." The equivalents of the "securement means" element of claim 1 of the 770 patent as allowed cannot include any nonadhesive securement means because this would resurrect subject matter surrendered by Ferguson via both claim language and arguments in his first amended application.

Since it is undisputed that the accused Kenney shade does not contain an adhesive mode of attaching the shade material to the inner roller section, the Kenney window shade cannot infringe claim 1 of the 770 patent under the doctrine of equivalents, and no reasonable jury could find otherwise.

The remaining claims upon which Plaintiff Newell grounds its allegations of infringement, namely claims 2, 6 and 7, are claims which are dependent upon claim 1. Thus these remaining claims cannot be infringed under the doctrine of equivalents if claim 1 is not infringed.

The difference between a window shade where the shade material is held to the inner section of the telescoping roller by adhesive and a window shade where it is held by extra wraps of material may seem insignificant. This distinction is important, though, since a patentee is granted the exclusive right to practice an invention and its equivalents only to the extent that his patent claims were al-

lowed by the Patent Office. The purpose of creating this right is to encourage invention and its disclosure to the public. *Universal Oil Products Co. v. Globe Oil & Refining Co.*, 322 U.S. 471, 484 (1944).

While a patent teaching a pioneer invention is entitled to a broad range of equivalents, a patent which teaches an invention representing a much more modest advance over the prior art, such as the 770 patent at issue, is allowed only a narrow range of equivalents. *Thomas & Betts Corp. v. Litton Systems, Inc.*, 720 F.2d 1572, 1580 (Fed. Cir. 1983). Hence when a patentee claims such an improvement over an earlier invention, competitors are free to practice variations of that prior invention so long as the variations are not the same as, or equivalents of, the improvement claimed by the patentee. *Id. See also Prodyne Enterprises, Inc. v. Julie Pomerantz, Inc.*, 743 F.2d 1581, 1583 (Fed. Cir. 1984). Newell's competitors, including Defendant Kenney, are entitled to design and manufacture variations of window shades which are not the same as, or the equivalents of, the shade taught by the 770 patent. The Kenney shade at issue here is a permissible, noninfringing window shade.

CONCLUSION

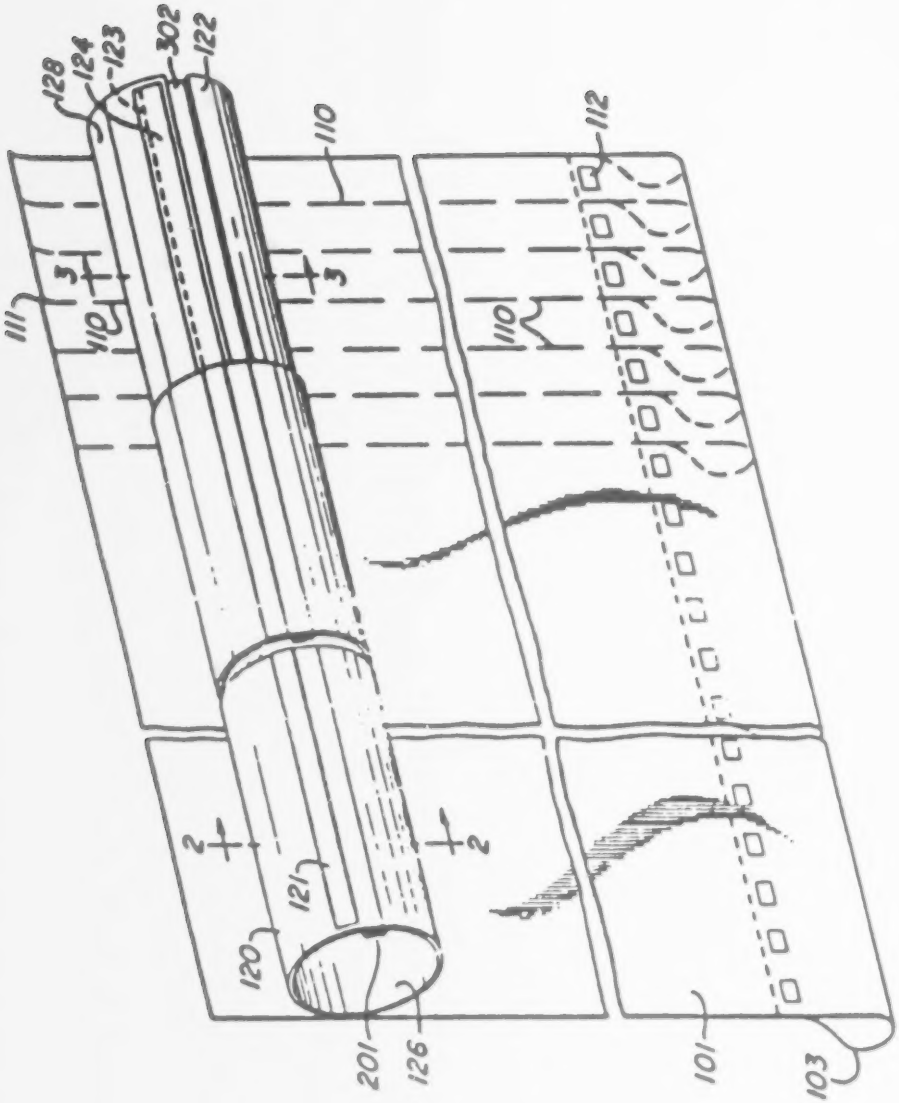
Defendant's motion for a directed verdict on the issue of the validity of U.S. Letters Patent No. 4,006,770 due to obviousness is granted, as is Defendant's alternative motion for a directed verdict on the issue of noninfringement of the patent by the Kenney window shade. The Court hereby denies Plaintiff's motion for a directed verdict, as well as its post-trial motions for a permanent injunction and interest. Judgment will enter for Defendant.

SO ORDERED.

/s/ Francis J. Boyle
Francis J. Boyle, Chief Judge

United States District Court
District of Rhode Island

April 4, 1985.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APPENDIX C

UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

85-2232,
86- 711,
86- 742,
and
86-1018

NEWELL COMPANIES, INC.,
Plaintiff-Appellant,

v.

KENNEY MANUFACTURING COMPANY,
Defendant/Cross-Appellant.

ORDER

Before NIES, Circuit Judge, NEWMAN, Circuit Judge, and ARCHER, Circuit Judge.

A petition for rehearing having been filed in this case, and a response thereto having been invited by the court and filed,

UPON CONSIDERATION THEREOF, it is

ORDERED that the petition for rehearing be, and the same hereby is, denied.

The suggestion for rehearing in banc is under consideration.

This mandate will issue on March 10, 1989.

FOR THE COURT,

/s/ Francis X. Gindhart
Francis X. Gindhart
Clerk

Dated: March 3, 1989
cc: Lars I. Kulleseid
James G. Staples

FILED
MAR 3 1989

Note: This order has not been prepared for publication in a reporter.

APPENDIX D

UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

85-2232,
86- 711,
86- 742,
and
86-1018

NEWELL COMPANIES, INC.,
Plaintiff-Appellant,

v.

KENNEY MANUFACTURING COMPANY,
Defendant/Cross-Appellant.

ORDER

A suggestion for rehearing in banc having been filed in this case,

UPON CONSIDERATION THEREOF, it is

ORDERED that the suggestion for rehearing in banc be, and the same hereby is, declined.

FOR THE COURT,

/s/ Francis X. Gindhart
Francis X. Gindhart
Clerk

Dated: March 15, 1989

cc: James G. Staples
Lars I. Kulleseid

FILED
MAR 15 1989

Note: This order has not been prepared for publication in a reporter.

Supreme Court, U.S.
FILED
JUL 14 1989
JOSEPH F. SPANIOL, JR.
CLERK

No. 88-1936

In The

Supreme Court of the United States

October Term, 1988

NEWELL COMPANIES, INC.,

Petitioner,

vs.

KENNEY MANUFACTURING COMPANY,

Respondent.

Petition For A Writ Of Certiorari To The United States Court Of Appeals For The Federal Circuit

RESPONDENT'S BRIEF IN OPPOSITION TO PETITION

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July 14, 1989

COUNTERSTATEMENT OF QUESTION PRESENTED

In a patent infringement action in which there were no disputed issues of material fact, should this Court review a decision of the Federal Circuit Court of Appeals affirming a directed verdict that the patent in suit was not valid because the subject matter as a whole would have been obvious to a person of ordinary skill in the pertinent art.

STATEMENT PURSUANT TO COURT RULE 28.1

Pursuant to Court Rule 28.1, the respondent Kenney Manufacturing Company states that it is not publicly held and is not an affiliate of any publicly held company.

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No. 88-1936

In The

Supreme Court of the United States

October Term, 1988

NEWELL COMPANIES, INC.,

Petitioner,

vs.

KENNEY MANUFACTURING COMPANY,

Respondent.

Petition For A Writ Of Certiorari
To The United States Court Of Appeals
For The Federal Circuit

RESPONDENT'S BRIEF IN OPPOSITION TO PETITION

STATEMENT OF THE CASE

Two experienced District Courts have separately concluded that the window shade claimed in United States Patent 4,006,770 ("the '770 patent") would have been obvious to one of ordinary skill in the art.[1] The panel majority decision of the

[1] In addition to the District Court below, the United States District Court for the Eastern District of Illinois, on September 19, 1985, in *Newell Companies, Inc.* v. *Clopay Corporation*, No. 78 C 329 (E.D.Ill. September 19, 1985), granted Clopay's motion for summary judgment that the '770 patent is invalid for obviousness. The court noted that it had independently reached its obviousness conclusion

Federal Circuit Court of Appeals affirmed one of these decisions (the other was not appealed). And the '770 patent is related to a patent application which the Court of Customs and Patent Appeals found not to be allowable for the same reason. *In re Corcoran*, 640 F.2d 1331, 1334 (CCPA 1981).[2]

This Petition raises no issue not properly dealt with by the District Court below and by the Federal Circuit and should be denied. As discussed below, contrary to the implication in the Petition, the panel majority did not in any way diminish the jury's fact finding role, did not "mandate" special interrogatories, and did not in any other way change the traditional role of the jury in patent or other cases. The panel majority decision is not "a controversial, sweeping, authority-usurping landmark decision" (P 7-8) and no amount of rhetoric can make it so.

A. The District Court Proceedings

1. *The Trial*

Newell Companies Inc. ("Newell") commenced this action on June 25, 1982 in the United States District Court for Rhode Island, charging infringement by Kenney Manufacturing Co. ("Kenney") of claims 1, 2, 6 and 7 of the '770 patent, and demanding a jury trial.

The '770 patent describes and claims a particular window shade with a vinyl shade material which contains invisible slit lines. The material is mounted on a conventional telescoping metal roller. The customer holds the shade up to a window, peels the vinyl along one of the slit lines to match the width of the window, adjusts the telescoping roller to the proper size and installs the shade.

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prior to the decision by Chief Judge Boyle in the present action. That decision was withdrawn upon agreement of the parties but a copy is in the Supplemental Appendix on the Appeal (SA 974-999).

In this Opposition "JA" refers to the Joint Appendix below, "SA" refers to the Supplemental Appendix on the Appeal, "P" refers to the Petition, and "A" refers to the Appendix to the Petition.

[2] The Court of Customs and Patent Appeals was one of the predecessor courts to the Federal Circuit Court of Appeals.

Kenney denied infringement and asserted that the '770 patent was invalid and that it had been procured by fraud, because Newell did not inform the Patent Office about the most pertinent prior art — the recently developed Corcoran slit vinyl shade material used by Ferguson, the patentee, in making his patented shade.

At trial on the issues of validity and infringement, Newell offered the testimony of the patentee Ferguson about how he made his shade. That testimony was noteworthy for Ferguson's admissions (1) that his work was not responsible for the commercial success of Newell's patented shade, and (2) that it would have been obvious to one of ordinary skill in the art to use the prior art Corcoran shade material on an adjustable roller (JA 177, 173).

At the close of Newell's case, and at the close of all the evidence, Kenney moved for directed verdicts of invalidity and noninfringement (JA 430-39). The Court reserved decision (JA 591) and charged the jury.

The Petition contends that the jury was properly instructed. This was not so.[3] On the contrary, the jury was, in effect, told to ignore the Corcoran prior art work. Although Kenney had dropped its defense that the '770 patent was invalid under 35 U.S.C. § 102 because it was anticipated by Corcoran's adjustable shade, the Court, nevertheless, explained the basis of that defense to the jury, including Corcoran's work (JA 687-88), and then specifically directed the jury to find the '770 patent novel (JA 689). With respect to the Corcoran work, the jury was instructed:

> "The defendant claims that plaintiff's do-it-yourself window shade is not novel. In support of this claim it alleges that the window shade was actually invented by Sean Corcoran, a citizen of Ireland, in the early 1970's. It

[3] While the jury instructions are not directly the subject of the Petition, the dissenting opinion of the panel minority and the Petition proclaim that the jury instructions were proper, and that the jury verdict was not in any way tainted by incorrect instructions (e.g., P 5, 22). We believe it appropriate, therefore, to point out some of the ways that the jury instructions were fundamentally flawed.

> further alleges that Sean Corcoran offered his product for sale through publications in the United States and Europe before the plaintiff's patent was applied for ..." (JA 687).

After this explanation, the Court directed the jury to find that the '770 patent was not invalid because of anticipation (lack of novelty):

> "I will direct you as a matter of law that upon my review of the circumstances, your answer to this question must be no." (JA 689).

And although Kenney also withdrew its fraud defense,[4] the Court charged the jury:

> "There is no issue in this matter with respect to whether or not there was fraud. You may not consider any evidence with respect to this issue." (JA 669)

However, the evidence which was the subject of this charge—the Corcoran shade — was also the heart of Kenney's obviousness defense under 35 U.S.C. § 103.

By contrast, the jury was never instructed that it should consider the Corcoran prior art shade on the issue of obviousness under 35 U.S.C. § 103. Thus, the only instructions relating specifically to Corcoran, the most pertinent prior art, were to the effect that Corcoran's work should be disregarded.

The jury returned general verdicts that Kenney had not sustained its burden to prove that any claim of the '770 patent was obvious, and that Newell had proved that Kenney infringed claim 1 of the '770 patent.

2. *The Grant of Directed Verdict*

On April 4, 1985, Chief Judge Boyle issued a comprehensive 48 page opinion granting Kenney's reserved motions for directed verdicts.[5] After articulating the applicable

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[4] Kenney's trial counsel withdrew the fraud defense because he elected to try that issue in connection with Kenney's antitrust counterclaim.

[5] The procedure of ruling on the directed verdict motion after the jury verdict and entering judgment thereon is in accordance with the law of the First Circuit as well as other Circuits. See *Norton* v. *Snapper Power Equipment*, 806 F.2d 1545, 1547 (11 Cir. 1987); *Klein* v. *District of Columbia*, 409 F.2d 164, 167n.3 (D.C.Cir. 1969).

legal requirements for directing a verdict, standards which the Petition concedes are correct (P 6), the Court's opinion carefully reviewed the law relating to obviousness.[6]

Judge Boyle then reviewed in detail the evidence relating to obviousness, including the prior art, the level of ordinary skill in the art, the differences between the prior art and the claimed invention and the commercial success of Newell's shade (A 82a-92a). Judge Boyle noted:

> "There was no evidence that others skilled in the art tried and failed to find a solution to the problems preventing in-home fitting of window shades once the Corcoran material was introduced." (A 87a)

Judge Boyle also dealt in detail with the issue of infringement, including an extensive analysis of the claim language and prosecution history of the '770 patent, the prior art, and the amendments submitted and arguments made by Newell to overcome the Examiner's prior art rejections.

He concluded:

> "reasonable jurors could not conclude that claims 1, 2, 6, or 7 of the 770 patent are valid [and] ... no reasonable jury could conclude that claims 1, 2, 6 or 7 of the 770 patent were infringed". (A 67a-68a)[7]

After entry of Judgment on April 4, 1985, Kenney timely moved (1) for a determination that the case was exceptional and for an award of reasonable attorney fees, and (2) for an order conditionally granting a new trial in the event the Judgment were reversed on appeal. On May 23, 1985, Judge

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[6] The District Court stated that it must (1) consider all the evidence; (2) in a light most favorable to the non-moving party; (3) drawing reasonable inferences favorable to the non-moving party; (4) without determining the credibility of witnesses; and (5) without substituting its judgment for that of the jury on conflicting evidence.

[7] The Petition's suggestion that Judge Boyle did not apply the proper standard (P 6) is belied by the specific language of the court's conclusion as well as by the rest of the 48 page comprehensive opinion.

Boyle denied Kenney's motion for attorney fees, and on November 22, 1985 he denied Kenney's motion for an order conditionally granting a new trial. (SA 970-73,1000-01)

Newell appealed the grant of directed verdicts. Kenney appealed the denial of its motion for award of attorney fees and the denial of its conditional motion for grant of a new trial.

B. The Court Of Appeals Decision

On December 29, 1988, a majority of a panel of the Federal Circuit Court of Appeals affirmed Judge Boyle's grant of directed verdict that the '770 patent was invalid for obviousness. The panel did not consider the directed verdict of noninfringement or the denial of Kenney's conditional motion for a new trial.

The panel majority began its analysis of Judge Boyle's decision by noting that "Newell does not challenge the trial court's statement of the facts underlying the trial court's obviousness conclusion except in an immaterial detail." (A 7a)

The panel majority also noted, however, that: "To the extent, if any, that Newell disputes any of the material facts relied on by the court, we conclude that no reasonable jury could resolve the underlying factual disputes on this record other than as stated by the trial judge. No error in overturning a material fact has been explicitly argued or shown." (A 23a n.17)

The panel majority also noted with respect to Judge Boyle's analysis, "No fault can be found in the legal propositions on which the court relied or in the court's method of analysis, and Newell asserts none." (A 18a)

The panel majority carefully reviewed Judge Boyle's decision on obviousness, including the underlying facts relied on by Judge Boyle. The majority then affirmed that decision.

The panel minority dissented. The dissent relied largely on cases decided before this Court's decision in *Graham* v. *John Deere Co.*, 383 U.S. 1 (1966), and on District Court and Courts

of Appeals cases involving disputed issues of material fact, not, as here, cases in which the material facts were undisputed.

The minority opinion also focused on purported deficiencies in the prior art that were completely solved by the prior art Corcoran material. Corcoran's prior art shade material did not become available until the early 1970's. It follows, as Judge Boyle recognized and the Court of Appeals affirmed, that whatever happened or did not happen before that time is irrelevant. As Judge Boyle noted there was no evidence of any unsuccessful attempt after the Corcoran material became available (*infra* at p. 13).

REASONS FOR DENYING THE WRIT AND SUMMARY OF ARGUMENT

Nothing in this case warrants review on certiorari. There are no special or important reasons why this Court should give petitioner another hearing on matters already considered and correctly decided below, as well as in another District Court. The detailed District Court opinion and the comprehensive Court of Appeals majority opinion dealt with and rejected essentially the same arguments Newell presents in its Petition.

Judge Boyle's decision and the Federal Circuit's affirmance are sensible, fair and fully in accord with the opinions of this Court and with decisions of other courts.

All the evidence, including the patentee's own admissions set forth by the majority opinion, establish that once Corcoran's prior art adjustable vinyl window shade material was available, anyone who considered it recognized that the material should be mounted on telescoping rollers just as the patentee Ferguson did. It is not surprising, therefore, that Ferguson testified that the Corcoran material was the "heart" of his product (JA 178). As Judge Boyle noted, there was no evidence that, after the Corcoran prior art material was introduced, anyone skilled in the art failed to solve any problem of making a window shade which could be adjusted at home without tools (A 87a).

Newell's arguments in the Petition, and the opinion of the panel minority on which it relies, are based on a faulty reading

of the record, and on a distortion of the decisions of the Federal Circuit and of this Court.

The position that Newell asserts in this case would effectively eliminate the use of summary judgment involving the obviousness of a patent and would preclude a District Court from granting a directed verdict or a judgment N.O.V. on that issue even when there are no disputed issues of material fact.

ARGUMENT

The Court of Appeals Decision Is Manifestly Correct

1. *There Has Been No Violation Of The Seventh Amendment*

The Petition argues strenuously that Newell's Seventh Amendment rights have been violated. Newell argues that, in effect, a case can never be taken from the jury even when the facts are undisputed. This Court laid that unsound contention to rest many years ago. *Galloway* v. *United States*, 319 U.S. 372, 389 (1943).

The District Court has the power, indeed the obligation, to take a case away from the jury when appropriate. To do so does not violate the Seventh Amendment.

As this Court explained in *Hepner* v. *United States*, 213 U.S. 103, 115 (1909):

> "The defendant was, of course, entitled to have a jury summoned in this case, but that right was subject to the condition, fundamental in the conduct of civil actions, that the court may withdraw a case from the jury and direct a verdict, according to the law if the evidence is uncontradicted and raises only a question of law."

See also *Tull* v. *United States*, 481 U.S. 412 (1987).

This is so whether the issue is before the Court on a motion for summary judgment, for directed verdict (as here) or for judgment notwithstanding the verdict. All of these motions are governed by the same standard. *Anderson* v. *Liberty Lobby*,

Inc., 477 U.S. 242, 251 (1986). "In essence, though, the inquiry under each is the same: whether the evidence presents a sufficient disagreement to require submission to a jury or whether it is so one-sided that one party must prevail as a matter of law." 477 U.S. at 251-52. See also *Celotex Corp.* v. *Catrett*, 477 U.S. 317 (1986); and *Matsushita Elec. Industrial Co.* v. *Zenith Radio*, 475 U.S. 574 (1986).

This Court has repeatedly emphasized the propriety and desirability of taking a case from the jury where appropriate. E.g., *Improvement Company* v. *Munson*, 14 Wall 442, 448 (U.S. 1871); *Herron* v. *Southern Pacific Co.*, 283 U.S. 91, 95 (1931). The Petition's contention, therefore, that the Federal Circuit has treated "a jury's findings of fact differently than any other court must" (P 12) is simply not so.

Patent cases are not unique and are appropriate subjects for summary judgment, directed verdicts or judgment N.O.V. Thus, for example, a motion for judgment N.O.V. was affirmed by the Federal Circuit in *Connell* v. *Sears, Roebuck & Co.*, 722 F.2d 1542 (Fed.Cir. 1983). And, summary judgments have been affirmed by the Federal Circuit in *Constant* v. *Advanced Micro-Devices, Inc.*, 848 F.2d 1561 (Fed.Cir. 1988); *Union Carbide Corp.* v. *American Can Co.*, 724 F.2d 1567 (Fed.Cir. 1984); *Chore-Time Equipment* v. *Cumberland Corp.*, 713 F.2d 774 (Fed.Cir. 1983); *Barmag Barmer Maschinenfabrik Ag* v. *Murata Mach., Ltd.*, 731 F.2d 831, 834-35 (Fed.Cir. 1984); *Avia Group Intern., Inc.* v. *L.A. Gear California*, 853 F.2d 1557 (Fed.Cir. 1988). As the Federal Circuit in *Brenner* v. *United States*, 773 F.2d 306, 307 (Fed.Cir. 1985), explained:

> "'[s]ummary judgment is as appropriate in a patent case as in any other' where no genuine issue of material fact is present and the movant is entitled to judgment as a matter of law."

2. *Obviousness Is A Matter Of Law*

The Petition seems to suggest that the question of whether obviousness is a matter of law remains unsettled. This is simply not so.

As this Court has made plain, obviousness is an issue of law. "[T]he ultimate question of patent validity is one of law." *Graham* v. *John Deere Co.*, 383 U.S. 1, 17 (1966); *Anderson's-Black Rock* v. *Pavement Co.*, 396 U.S. 57 (1969).

The Petition also seems to suggest that the Federal Circuit itself is divided on this point (P 10). Again, that is not so.[8] Pertinent here is the *Panduit* series of cases. In *Dennison Mfg. Co.* v. *Panduit Corp.*, 475 U.S. 809, 811 (1986), this Court remanded a case to the Federal Circuit to seek its "informed opinion on the complex issue of the degree to which the obviousness determination is one of fact." 475 U.S. at 811.

On remand, the Federal Circuit unanimously affirmed that the determination of obviousness is a matter of law. *Panduit Corp.* v. *Dennison Mfg. Co.* [*II*], 810 F.2d 1561, 1566-67 (Fed.Cir. 1987). As the Federal Circuit explained:

> "The Supreme Court, the regional Circuit Courts of Appeals, and this court have consistently treated the question as one of law. "*Graham's* statement, 'the ultimate question of patent validity is one of law', has been widely interpreted as meaning that one answering the § 103 question is drawing a legal conclusion....
>
> * * *
>
> "Scholars who have dealt with the question unanimously view it as one of law."

The Federal Circuit has also confirmed that the issue of obviousness is a question of law regardless of whether the Court or the jury is the trier of fact. *Structural Rubber Products* v. *Park Rubber*, 749 F.2d 707, 718 (Fed.Cir. 1984). See also *Medtronic, Inc.* v. *Intermedics Inc.*, 799 F.2d 734, 738, 743 (Fed.Cir. 1986):[9]

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[8] One dissent does not mean that the Circuit is split, particularly given that the court denied a request for hearing en banc.

[9] Newell's arguments about a purported split in Circuit decisions before the formation of the Federal Circuit are interesting but irrelevant (P 19-20). The Federal Circuit has exclusive jurisdiction over patent appeals and, as discussed above, there is no split on this issue.

> "Obviousness is a question of law. In reviewing a District Court's refusal to grant JNOV, it is the duty of this court to be satisfied that the law has been correctly applied to the facts found. *Structural Rubber Products*, 749 F.2d at 719, 223 USPQ at 1273; *Railroad Dynamics, Inc.*, 727 F.2d at 1512, 220 USPQ at 936."

3. *The Court of Appeals Applied The Proper Standard Of Review*

The Federal Circuit has consistently and properly held that jury decisions on the legal issue of obviousness must be the subject of independent judicial review, e.g., *Sjolund* v. *Musland*, 847 F.2d 1573, 1580 (Fed.Cir. 1988); *White* v. *Jeffrey Min. Machinery Co.*, 723 F.2d 1553, 1558 (Fed.Cir. 1983). Even in *Connell* v. *Sears, Roebuck & Co.*, 722 F.2d 1542, 1550 (Fed.Cir. 1983), cited by the minority dissent, Chief Judge Markey relied on "[o]ur independent consideration of the record" to affirm a grant of judgment N.O.V. This approach is consistent with that followed by other Circuit Courts of Appeal before the Federal Circuit came into existence. In *Control Components, Inc.* v. *Valtek, Inc.* 609 F.2d 763, 768 (5 Cir. 1980), for example, the Court of Appeals referred to its "independent review" in considering the jury's findings on validity. See also *Brunswick Corp.* v. *Champion Spark Plug Co.*, 689 F.2d 740 (7 Cir. 1982); *Bentley* v. *Sunset House Distributing Corp.*, 359 F.2d 140 (9 Cir. 1966); *Swofford* v. *B & W, Inc.*, 395 F.2d 362 (5 Cir. 1968); *Pederson* v. *Stewart-Warner Corp.*, 536 F.2d 1179 (7 Cir. 1976); *Allen Industries, Inc.* v. *National Sponge Cushion Co.*, 403 F.2d 717 (3 Cir. 1968).

Similarly, the Federal Circuit has held that independent review is the standard for review of summary judgment on the obviousness issue, e.g., *Union Carbide Corp.* v. *American Can Co.*, 724 F.2d 1567, 1573 (Fed.Cir. 1984).

As the Federal Circuit in *Railroad Dynamics, Inc.* v. *A. Stucki Co.*, 727 F.2d 1506, 1513, 1515 (Fed.Cir. 1984), explained in reviewing a jury verdict:

> "Given the facts supported by substantial evidence, we are certainly at liberty, as is the trial court, to say that the

jury committed an error of law in reaching its conclusion on obviousness when those facts will not in law support the conclusion....

* * *

"There is no question that the judge must remain the ultimate arbiter on the question of obviousness."

And as the Federal Circuit explained in *Structural Rubber Products* v. *Pack Rubber*, 749 F2d 707, 718-19 (Fed.Cir. 1984):

"The introduction of a jury can not change the *nature* of the obviousness decision. It continues to be a legal issue for the court. Indeed, the role of a trial court should not be significantly different in a patent jury trial from its role in a patent bench trial with respect to legal issues. On appeal, the standard of review applied by an appellate court to factual issues is affected by the different type of trial. Findings of fact by the jury are more difficult to set aside (being reviewed only for reasonableness under the substantial evidence test) than those of a trial judge (to which the clearly erroneous rule applies). But the standard of review of the conclusion of obviousness remains the same — it is a question of law. Thus, it is the duty of the appellate court to be satisfied that the law has been correctly applied to the facts regardless of whether the facts were determined by judge or jury." (footnote omitted) (emphasis in original)

The Petition compares patent cases to negligence cases and concludes that when obviousness is involved, a jury verdict is sacrosanct. Patent cases are not negligence cases. In any event, that analysis ignores summary judgments, directed verdicts and judgments N.O.V. granted in negligence cases. See e.g., *Wilson* v. *Good Humor Corp.*, 757 F.2d 1293 (D.C.Cir. 1985); *Cook* v. *Branick Mfg., Inc.*, 736 F.2d 1442 (11 Cir. 1984); *Carlson* v. *American Safety Equipment Corporation*, 528 F.2d 384 (1 Cir. 1976); *Bruce* v. *Martin-Marietta Corp.*, 544 F.2d 442 (10 Cir. 1976).

The case relied on by Newell, *Schulz* v. *Pennsylvannia R. Co.*, 350 U.S. 523 (1956), involved "disputed questions of fact." There is no such disputed question of fact here.

4. *The Petition's Other Arguments Are Also Unsound*

Newell contends that there are disputed issues of material fact from which inferences favorable to Newell could have been drawn. The Petition, for example, speaks of "failures of others and a long felt need" (P 21). The dissenting opinion also relied on these alleged failures (e.g., A 64a-65a). As Judge Boyle held, and the majority affirmed, there was no proof of such failures after the development of the Corcoran material. As the panel majority also held, to the extent that Newell disputes these findings, "no reasonable jury could resolve the underlying factual dispute on this record other than as stated by the trial judge."

Newell's reference to "the skepticism of at least one other skilled artisan" (P 4) is misleading. The only skepticism was whether the consumer would purchase the product, not whether it was technically viable. As correctly observed by Judge Boyle, "the industry resisted the advance represented by the Corcoran material" for business reasons (A 87a). The only doubt expressed was whether such a shade made business sense. For example, Joanna-Western engineers considered using the vinyl Corcoran material on their telescoping roller well before Ferguson made his shade, and even selected such a roller (JA 463-64). As Judge Boyle noted, they dropped that project because it was not in Joanna-Western's business interest to proceed with it (A 88a). That product would have cut into sales of Joanna-Western's cloth shades in which it had a large investment (A 88a-89a). Breneman, likewise, resisted for business reasons, not because it doubted the product would work. As, Judge Boyle noted, Breneman "believed the product would fail in the marketplace" (A 87a-88a).

Newell's arguments about copying (P 4-5) also miss the mark. Kenney did not copy the Newell shade. The Kenney shade material is not attached to the smaller roller and thus

operates differently from the Newell claimed shade and does not infringe. The panel majority noted specifically that the Kenney shade was different from the patented design (A 5a).

The Petition also repeatedly contends, in what must be the height of wishful thinking, that the panel majority "implicitly" admits that a reasonable jury could have found the '770 patent non-obvious (e.g., P 7). No fair reading of that opinion affords any such conclusion. There is no suggestion, implicit or explicit, in the panel majority opinion that a reasonable jury could have reached any conclusion different from that reached by the District Court or the panel. The contrary is true. Judge Boyle held that no reasonable jury could have found that the '770 patent was valid. After categorizing the undisputed facts, the panel majority affirmed Judge Boyle's decision. Newell's statement (P 7) that the panel did not affirm the District court "in substance" is unwarranted.

Newell's statement that the panel majority "misinterpreted what the inventor was saying about the obviousness of a particular combination" (P 16) is wrong.[10] Ferguson, the patentee, testified that it would have been obvious to put the Corcoran shade material on an adjustable roller (JA 173), and that he was not responsible for the success of the Newell product (JA 177). Whether Ferguson was referring to the Corcoran material or to the production methods as responsible for the success of the Newell shade is irrelevant. Neither one was Ferguson's contribution. In any event, Newell in *ante litem motem* statements, unequivocally attributed the success of its shade to the Corcoran material and Ferguson testified that the Corcoran material was "the heart" of his product (JA 178).

The Petition's contentions about special interrogatories also miss the mark. Neither the District Court's decision nor

[10] Newell's implication that the Corcoran material was "experimental" (P 9) is misleading in the extreme. The Corcoran shade material was commercial. There was no dispute at trial on that issue. The Court of Customs and Patent Appeals relied on the commercial nature of the Corcoran material when it held Corcoran's application for a patent on the combination of that material and a roller not patentable (*supra* at 2).

Newell's appeal involved the propriety of any special interrogatory. The dissenting opinion's litany of hypothetical special interrogatories (A 31a) is simply that — hypothetical. There was no issue about special interrogatories before the Federal Circuit.[11]

The Petition's suggestion (e.g., P 8, 12, 16) that the Federal Circuit has now mandated special interrogatories in patent cases is simply not so. As the Federal Circuit made plain in *Weinar* v. *Rollfoarm Inc.*, 744 F.2d 797, 809 (Fed.Cir. 1984):

> "The foregoing and other considerations reflect the wisdom of continuing to repose the question of submitting interrogatories within the sound discretion of the trial judge who is most familiar with all the courtroom circumstances existing at the time."

Nothing in the panel majority's decision undermines this conclusion in any way.

The Petition also misconstrues the nature of most patent cases by asserting that the scope and content of the prior art are rarely in dispute (P 14). The contrary is true. Most patent cases involve sharp disagreements concerning the teachings of the prior art. In such cases, the jury must resolve these issues. Nothing in the panel majority decision removes this role from the jury. This is a case in which the facts are so clear that, as the panel majority held, no reasonable jury could disagree with Judge Boyle's discussion of those facts.

Thus, Newell's arguments that this is an "ideal" case for the Court to consider undermines its own position. The suggestion that this Court should only take uncomplicated cases is hardly compelling. To the contrary the "uncomplicated" nature of the technology involved here allows this Court to recognize, without further briefing, that there has been no miscarriage of justice in this case. The patent in suit is not valid.

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[11] The comment of the panel majority with respect to special interrogatories and Rule 49, F.R.Civ.P., relied on in the Petition (P 8, 12, 16) was pure dicta. That comment does not raise any issue to be decided by this Court.

CONCLUSION

The Petition for a writ of certiorari should be denied.

Respectfully submitted,

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